World News

Soviet troops stage final withdrawal from Kabul

Soviet soldiers palled out of Kabul in the final phase of withdrawal and a Soviet offcial said troops will completely withdraw from Afghanistan by Feb 15 under the Geneva accord. Moslem guerrilles blasted a convoy of Soviet trucks and tanks with artillery fire as shelling confinued on the strategic Salang highway. Diplomatic moves, Page 4

Shevardnadze visit Soviet Foreign Minister Eduard Shevardnadze arrived in Peking to discuss a summit Soviet breach. Page 16

Prince jailed

Prince Sekik Alsabah, 35, cousin of the Emir of Kuwait, jailed for two years in London after being found guilty of corruption after admitting posssing and supplying drugs.

Philippines fighting Forty-three people were killed when Philippines troops clashed with Moslem rebels in their biggest battle with

Islamic insurgents since 1986, Lebanon mediation Arab mediators seeking to reconcile Lebanon's rival governments tried to set a timetable for presidential elections and withdrawal of foreign forces but Lebanon's two rival prime ministers remained at odds

over reforms in the political

Taba talks stalled

Egyptizm President Hosni Mubarak accused Israel of obstructing settlement of a border dispute: An arbitration panel awarded the Israeli-controlled enclave of Taba to Egypt, but talks to implement the ruling have stalled.

Australia-Cuban link lished full diplomatic relations

for the first time following a consular agreement in Mexico iran celebrates

Iran started 10 days of celebra-

tions marking the anniversary of its Islamic revolution in 1979, the flist without war for

S Africa trial The trial of a prominent black South African union leader and four colleagues resumed with all of them facing banging on charges of fomenting antigovernment violence in a Johannesburg township.

Korea-Hungary ties Hungary became the first communist state to establish full diplomatic relations with

South Korea while maintaining links with the Communist north. Page 4

Armenia curfew Armenian authorities have

November to stem ethnic

Gorbachev visit

Soviet President Mikhail Gorbachev_will_visit West Germany from June 12 to June 15, when he will meet Chancellor Helmut Kohl.

Sudan reshuffle

MARKETS

Sudanese Prime Minister Sadek el-Mahdi announced formation of the country's fourth government since 1986, with the fundamentalist National Islamic Front retaining two key posts. US talks, Page 4

Business Summary Deficit cuts may curtail **US social** programmes

US Administration warned that reducing the Federal budget deficit would mean cutting social programmes and scaling back campaign promises in the President's revised budget in a week's time. Likely casual-ties are election pledges on expansion of health programmes for the elderly and low-income families. Page 16 LONDON Stock Exchange had an erratic session as the twoweek long equities advance ran into profit-taking. A weak start in US markers also sent

FT-SE 100



Jan 1989 Feb London lower and by the close the FT-SE Index was a net 12.1 down at 2,089.7. The FT All-Share index lost 0.5 per cent

to 1,050.20. Page 29 WEST GERMANY'S car industry is likely to experience production cuts of between 3 and 4 per cent this year, but invest ments will increase sharply, according to the motor indus-try association. Page 2

COMPAQ COMPUTER, US personal computer manufacturer, registered more than \$25m in sales for 1968, making it one of the fastest growing compa-nies in US history. Page 18

PERU devalued the inti by 24 per cent from 700 to 920 per dollar and raised prices for fuel and basic food by an average 30 per cent as part of an economic package to reass investors. Page 7

Belgium's second largest holding company, announced details of a complex share swap which reinforces its swap which removes its direct participation in Petro-fina, Belgian oil group, and Tractebel, the country's energy, telecommunications

and media concern. Page 18 MCI COMMUNICATIONS, US long distance telecommunications carrier, reported a fivefold increase in fourth-quarter earnings. Net profits rose to \$122m from \$23m. Page 18

BSN. French foods group and world's leading producer of dairy products, reorganised its management structure. Page 20

REKBOK International, shoe and clothing manufacturer, reported a dive in fourth quar-ter earnings. Net profits fell to \$8.7m from \$34.2m. Page

THYSSEN, diversified West Geman steel group, ended months of speculation after interested in a merger with Fried. Krupp, troubled West German industrial conglomerate. Page 20

ELECTROLUX, Swedish white goods manufacturer, increased sales to SKr74bn (\$11.7bn) from SKr67.4bn. while profits rose by 21 per cent from SKr3.06hn to SKr3.7bn. Page 20

AUSTRALIA'S third Gold Rush, under way since 1985, is faltering under the impact of weak bullion prices, a strong Australian dollar and heavier tax obligations. Page 28

SPAIN'S central bank has overheating economy and halt a flood of credit from abread which has driven up the value of the peseta and hit Spanish exporters. Page 2

Fujitsu plans chips plant in Britain to supply EC market

By Terry Dodsworth and Hazel Duffy in London

FUJITSU, the Japanese electronics group, is expected to lead a wave of new Japanese investment in semiconductor manufacturing in Europe with the amouncement of a \$100m plant on Wearside in the North East of England

Plans for the Weerside devel-opment have been hammered out in the last few months after an extensive investigation of potential sites in the rest of Europe and elsewhere in the UK. Although company officials in Britain refuse to comment on the project, it is widely expected in the indus-try that Fujitsu will make an announcement within the next

few weeks. Fujitsu's plans reflect growing interest among the leading Japanese semiconductor companies in investment in the European Community.

Hitachi, the world's third largest chip producer with sales of \$3.5bn last year, is cur-

rently involved in a formal study on European semicon-ductor production, and is likely to make a decision on a project by the middle of this year.

Toshiba, the second largest chip manufacturer, which had sales last year of \$4.3bn, is also considering European fabrica-tion. Industry officials say the company will almost certainly follow its Japanese peers into the EC before the removal of internal trading barriers in

By David Buchan in Brussels

expected next week to propose that EC states introduce a com-

mon minimum tax at source on

investments made by Commu-

nity citizens in EC countries other than their own.

The move is aimed at reduc-

ing the risk of fiscal fraud

when capital controls disap-

benefits from a large amount of investment funds by non-

residents and is a leading oppo-

Mrs Christiane Scrivener,

holder of the Commission's

new tax portfolio, has this week added the Belgian and

Luxembourg, in particular,

pear in 18 months' time.

nent of the proposal.

JAPANESE EC SEMICONDUCTOR

NEC

Other smaller Japanese companies, such as Sony and Selko Epson, are also believed to be examining European manufac-turing, possibly through collab-oration deals with indigenous semiconductor companies.
The European Community's

1992 project appears to be the main spur behind the interest Japanese companies are now showing in the region. There is widespread suspicion in Japan that the opening up of the internal market will be followed by moves to

impose more restrictions on imports from outside the Com-munity. Because of these anxieties, Japanese companies feel they need to establish a manu-facturing foothold in the area within the next three to four

An additional factor is the recently-announced move by the European Commission to insist that semiconductors are fabricated, not merely assembled, within the Community if 17

Cross-border investors to

face tax threat from EC

the list of member states she

has individually consulted on

her savings tax plans. These

are due to be approved by the full 17-strong Commission on

February 8 and to be presented to finance ministers of the 12

At present, EC states have no consistent pattern of such

levies - known as withholding

taxes - certainly not as regards non-residents. The

Commission plan is for each state to levy a minimum 15 per

cent on income derived from

bank deposits, shares and

bonds by Community citizens resident in other EC states.

In a concession to the UK

on February 13.

THE European Commission is Luxembourg Governments to

they are to qualify as locally-manufactured products.

An increasing number of users, many of them Japanese companies making products such as printers and copiers, require locally-made chips to

avoid anti-dumping charges

imposed on "screwdriver" plants in which less than 60 per cent of the final product is made in the EC. By insisting on local fabrica-tion of chips to meet these requirements, the EC has put pressure on the Japanese to bring the most expensive part of the production process into

the Community. Chip fabrication, or diffusion as it is sometimes known, is a highly sophisticated and expensive process for treating the silicon wafers on which chips are made. As semicon-ductors become increasingly complex, the size of the invest ment in these facilities is increasing rapidly - plants start in the \$100m range, and large facilities can cost around

NEC, the largest Japanese chip company, and the biggest producer in the world with rev-enues of \$4.5bn last year, already has a European fabrication plant in Scotland. Commission to probe Chinese silicon exports, Page 6; Back-ground, Page 7; Siemens to

and Luxembourg financial cen-

tres, the tax would not apply to

Euro-securitles - internation-

ally traded and issued bonds

and shares which might otherse shift autside the RC. No

would the tax apply to non-EC nationals. Nor, finally, would it

absolve EC citizens from pay-

ing the difference between the

15 per cent tax-at-source and a

possibly higher capital savings

tax in their Community coun-try of residence, as exists in

France and Belgium, for

The Commission is expected

to propose amendment to the

1977 EC directive on co-opera-

tion between national tax

Continued on Page 16

Inquiry into trading of SocGen shares ordered

By Our Foreign Staff in

THE FRENCH stock market regulatory authority is to open an investigation into possible price manipulation or insider trading in the shares of Société Générale, the French bank privatised in June 1987.

The Commission des Operations de Bourse (COB) said yesterday that the inquiry would cover trading in the shares after June 1 last year. Mr Georges Pebereau, the French financier, announced in October that he had built up a 9.6 per cent stake in the bank – an operation termed by the country's conservative opposition as a backdoor attempt by the Socialist Gov-

ernment at renationalisation. Mr Roger Fauroux, French Industry Minister, suggested earlier this month that wrong-doing in the Societe Générale affair might be much more serious than what had emerged concerning dealings in advance of the takeover by Pechiney, the French state aluminium group, of Triangle Industries of the US.

The COB published a report on the Pechiney-Triangle affair on Tuesday, in which it said it had found strong circumstantial evidence of

insider trading.

Mr Pierre Bérégovoy, French
Finance Minister, said last
week that he would ask the COB to investigate the Société

His call followed press reports drawing attention to the heavy purchases of Société Générale shares by Mr Samir Traboulsi, a Lebanese financier. Mr Traboulsi has said that he made the transactions purely on the advice of his stockbroker.

The COB had said last month that it would not investigate trading in Société Générale, because there was insufficient evidence of of malpractice, and Mr Jean Farge, the COB chairman, was saying as late as Tuesday that no decision had been made. Mr Fauroux suggested that

far more money had been made through Société Générale shares than in the purchase of shares in Triangle before the Pechiney takeover. The COB report on Pechiney-Triangle was referred to the state prosecutor. It identi-

fied six people, including a close friend of President Francois Mitterrand, as having made profits of about FFr14m (\$2.19m) through buying Triangle shares.



Indian Prime Minister Rajiv Gandhi (left) greets President François Mitterrand on his arrival in New Delhi

Indian telecoms decision delayed

By David Housego in New Delhi

A HIGH-LEVEL Indian government committee has shelved a decision on a major telecommunications contract, dealing a blow to French hopes that President François Mitterrand's state visit to India, which began yesterday, would help win the contract for Alcatel, the French telecommunica-

tions group.
Senior civil servants met yesterday under the chairmanship of the Cahinet Secretary to review the proposal by Ala-catel to establish a new plant to manufacture an updated version of the company's E10B main exchange digital switching system.

Alcatel, which built the only existing digital switch manufacturing plant in India, is seeking to widen its foothold in the Indian telecommunications market, which is worth billions of dollars over the coming years. Alcatel's bid has triggered off a bitter tussle with Mr Sam Pitroda, technology adviser to Mr Rajiv Ghandi, India's Prime Minister. Mr Pitroda is head of the Centre for the Development of Telematics (C-Dot), which is trying to develop an indigenous switch-

ing system. Backers of the Alcatel proposal seemingly arranged that the meeting should take place yesterday in the hope that

President Mitterrand's state visit to India would influence a government decision. Mr Pitroda, the main opponent to the project which would involve Alcatel establishing a joint venture with the Indian Telephone Industries, probably at Rae Bareli, was at the meeting. The Hinduja family, the wealthy Indian business group, said yesterday that they had plans to invest in the telecommunications sector in Indian munications sector in India and that they had been in negotiations with all major multinationals with a view to

choosing a partner.
So far, they said, they had not entered into any firm contract or memorandum of understanding with Alcatel. Nor had they submitted any joint proposal with the French group for consideration by the Government of India.

They further denied that they had given any support or backing to Alcatel. The shelving of the decision is seen as a blow to Alcatel because equipment policy is now likely to be determined by the newly created Telecommunications Commission, where Mr Pitroda's influence is strong.
Mr Pierre Suard, the chair-

man of France's CGE Group, which controls Alcatel, is in New Delhi accompanying Pres-

TV satellite expansion

the Luxembourg company behind the Astra television satellite, is expected to decide to buy a second completed 16-channel television satellite.

The deal would give SES the capability within about 15 months to broadcast 32 chan-

Europe, all of which could be picked up on a single satellite receiver.

Mr Rupert Murdoch, chief executive of News Internatical, will launch four of his six Sky Television channels on Astra on Sunday. Page 7

Elders company halts meeting of MB Group warrant holders

By Maggie Urry in London

ELDERS Investments yesterday halted the meeting of MB Group's warrant holders which was to consider propos-als connected with the planned merger between the UK group's packaging interests and those of Carnaud of

Mr Ross Luke, representing Elders investments, a subsidiary of Elders IXL, the Australian brewer which has 25.1 per nan brewer which has 25.1 per cent of the MB warrants, denounced the terms of the deal with Carnand, saying they were "not in the best interests of MB Group shareholders or warrant holders." Warrants give holders the right to buy shares at a fixed price.

As the meeting began, he called for an adjournment until February 21. The motion was passed unanimously once the proposed date was changed to February 15. No one else spoke at the meeting, although other warrant holders said afterwards that Mr Luke's sugges-

tions deserved consideration. Mr Brian Smith, MB's chairman, said later: "The board of MB deplores this further lastminute, diversionary tactic employed by Elders." He repeated that the board was confident that the deal with the French packaging group was in the best interests of shareholders and said the spe-cial meeting of shareholders to approve it would go ahead on

Elders Investments also holds 5.7 per cent of MB's shares, which rose 7p to 287p in London yesterday. Mr Luke said Elders investments wanted to put other pro-posals to MB. It wanted more time to finalise these as well as meetings with MB.

MB, formerly called Metal Box, met Mr Luke and Mr Andrew Cummins, chief executive of Elders Investments, on Friday. MB believes there is no point in meeting again. On Tuesday, MB rejected a

suggested 2780m (\$1.365bn) cash bid for the packaging business from Elders investments and some unnamed part-

Under the terms agreed between MB and Carnaud the merger would form a new company, CMB Packaging. MB would hold 25.5 per cent of CMB's shares and would receive £240m in cash. MB shareholders would be given 16.5 per cent of CMB's shares. Elders Investments suggests

that all the CMB shares and the £240m of cash should be given out to MB shareholders. Further it suggests there should be a cash alternative for the CMB shares.

Elders Investments wants more information to verify the underlying value of MB's packaging interests and possibly make a cash bid for them of "not less than £780m." Elders opens new box of

tricks, Page 17; Observer, Page



Government's tax deal with trade unions aimed at stopping a threatene general strike has underlined doubts about Prime Minister Ciriaco de Mita's political judgment.

Italian politics: Calvi's death nears an uncertain denoument. Poland: Rediscovering the pleasure of making Technology: Steering carmakers towards

Marketing: BP leans towards green with newcorporate identity. Editorial comment: G7's summons to the US; Price-fixing in commodities Latin American debts Paying for a decade of lost growth UK economy: Need to say 'no' to budget

aimultaneous engineering

masochists -Stock Markets ______ -i ondon Unit Trusts 36 14 World Index .

1992. We saw it coming years ago.

apportunity in years.

But how will the markets grow? We have looked specifically at companies which we feel

result of 1992.

We have expansion of We have looked as hear expansion of exports between European countries will increase profu

share prices across all European markets. Investors will also be able to take advantage of the large proportion of currently adervalued European companies, which offer extellent growth and probt potential. oppeared, so CIGNA have developed a

TUNE Based on extensive first-hand knowledge of the European markets, CIGNA have greated the 1992 European Special Opportunities Fund, specifically designed to exploit likit.

> repertise of our fund managers will be crucial to catch the early gains in the run up to 1992. The fund, already established and managed by CIGNA as Crusader European Special Situations Trius, has a proven investment record, (CTGNA have been in Enrose for 15 years. Evidence of our pan-European capability

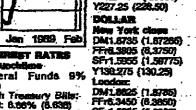
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can be seen in the record of our top-performing Entropean Growth Fund, which also stands to

dry that past performance is no topication of twise performance and that the piner of muts and the occorse to an other can go down as well as as

STOCK INDICES STERLING New York close New York ch Allideal auremano 1000 Dow Jones and Av. \$1.7485 (1.75275) 2,338.21 (-4.11) \$1.7545 (1.7505) DM3.2675 (3.2875) 297.A7 (-0.29) FFr11,1325 (11,1775) SF-27775 (2.8000) FT-SE 100 Y227.25 (228.50) 2,039.7 (-12.1)



INTEREST RATES Federal Funds 9% FFr6.3450 (6.3850) SFr1.5835 (1.6000) Y128.60 (130.50) Bond: 101% New York latest Conex April 3-month interbank:

World: 143.90 (Tues) Tokyo -Nikkei Ave 31,360.68 (-220.62) Freokfurt 1,840.2 (-22.0)

Brent 15-day (Argus) \$16.50 (+0.20) (Feb) West Tex Crude (+0.27) (March)

CONTENTS Unions' victory over Italian Government turns sour

17.21



Editorial Co

Inti. Capital Markets

French try to defuse Renault subsidy row

By William Dawkins in Brussels

THE French Government is seeking an urgent meeting proposed meeting Sir Leon on with Sir Leon Brittan, the new February 9, in what will be the European Competition Commissioner, to try to avert a battle over its plans to write off Ffr 12bn (£1bn) of the debts of

This follows a Commission request for clarification of proposals to rescue the heavily-in-debted state-owned car maker without lifting its privileged state-guaranteed status, contrary to what was agreed by the previous French Govern-ment last March. It is underlast March. It is understood the Brussels authorities have substantial objections.

By John Wyles in Rome

THE ITALIAN Government

has been sustaining serious fleshwounds in recent days as

a result of the controversial

tax deal it struck with the

trade unions last week, but it

became clear yesterday that

the unions may also have shot themselves in the foot by

ignoring the small print of the

agreement.

Arguing the case for "fiscal equality." they persuaded the Government to reduce the benefits of tax deductible spending apparently in the belief that these most offseted would be

hose most affected would be

first hig test of the new Com-missioner's stance on potentially anti-competitive state subsidies. This is the largest and one of the most sensitive government aid proposals in any industry to have been challenged by the Commission. Sir Leon can call on the Brussels authorities to block the entire scheme if he feels it gives Renault an unfair advantage over other EC car compa-

The Commission approved a Ffr 20bn Renault rescue plan last year – a Ffr 8bn capital

high income groups.
Armies of accountants have since pored over the fine print

medium-income employees earning more than L30m

(£12,500) a year, some of them

union members, will be worse

How many, no one can say, although the Bank of Italy

coincidentally published a sur-

vey yesterday showing that net

average family income in 1987

was only slightly under L30m.

around the country have been

Professional associations

off as a result.

claimed that most

injection, plus the Ffr 12bn write-off - in return for what it believes was a promise from France's then conservative dministration to change the car maker from a state régie, under which it cannot techni-cally be declared bankrupt, into a company competing under normal commercial con-ditions. Last year the new Socialist Government served notice that it wished to keep Renault's regie status, but make other legal changes to

subject the car maker to more commercial obligations. French officials argue that

Paris should be free to use any method it chooses to allow

protesting loudly, and, as they

ran for cover yesterday, some red-faced union leaders were talking about encouraging

amendments to the proposal

when it comes to Parliament. Ever solicitous for his Chris-

tian Democrat party's electoral capital, Mr Emilio Colombo, the Finance Minister, implied

yesterday that there was scope for amendment and offered a

surprisingly low estimate of

L500bn as the extra revenue to

be generated by the agreed limit on tax deductibles.

The row has strengthened

Unions' victory over Italian Government turns sour

Renault to compete under nor-mal commercial conditions and is not obliged to remove its

rigie status to do so.

Any softening of the Commission's stance on Renault would anger the UK and West German governments, which have been forced by Brussels over the past 18 months to make hig cuts in planned state aid for Rover and Daimler-Benz. Yet any change in Renault's status risks plunging the French Government into a row with the Communicity and their with the Communists and their union supporters, which have

opposed such a move.
Yesterday's developments
came amid signs that Brussels

doubts about the political judgment of Mr Ciriaco De Mita,

the Prime Minister, in rushing into last week's agreement to

buy off a threatened four-hour

He has come under criticism

from all sides for making pol-icy affecting all taxpayers in tandem with a union move-

ment which is only distantly representative of the country

Economists have been partic-

ularly harsh about the under-taking to index direct tax rates

for inflation from next year.

general strike

at large.

is preparing to re-open the debate over the possible aboli-tion of bilateral national controls on Japanese car imports, currently operated by five EC countries. The issue was shelved by the previous Commission, which was deeply split over how far to liberalise the EC car market. A full meet-ing of the 17 Commissioners agreed to make the issue a pri-ority for their 1989 work pro-gramme. Mr Frans Andriessen, commissioner for external relations, told a meeting in Amsterdam yesterday that he wanted to see bilateral quotas replaced by temporary EC-wide

Mr Giuliano Amato, the

Mr Giuliano Amato, the Treasury Minister, is openly distancing himself from the measure. He told a parliamentary committee on Tuesday that, as a result, tax revenues would be up to L2,900bn lower than forecast for 1990, L6,000bn lower in 1991 and perhaps 1,10,000bm in 1992.

coalition closes ranks

By William Dullforce in

SWITZERLAND'S ruling four-party coalition yesterday closed ranks in the federal parliament to elect Mr Kaspar Villiger, 47, part-owner of a bicycle manufacturing busi-ness, to the seven-member Federal Council (government), to replace Mrs Elisabeth Kopp, who resigned as Justice Minis-ter last month over a \$1bn (£555m) drug money-launder-

ing case.

Mr Villiger's election is part
of an attempt by the four parties - Radicals, Christian Democrats, Social Democrats and the Swiss People's Party which have governed Switzer-land for the past 30 years, to allay the effects of the scandal on public opinion. Mrs Kopp, Switzerland's

first woman cabinet minister, resigned after a special public prosecutor had, sought an investigation into the possibil-ity that she had passed confidential information to her husband.

hand.

Like Mrs Kopp, Mr Villiger is a member of the conservative Radical party.

Probably, Mr Villiger will not succeed Mrs Kopp in the Justice Ministry. He is expected to take over the defence portfolio from Mr Arnold Koller, a Christian Democrat, who will move to Justice. L10,000hn in 1992. He had no idea how these could be made up and the Govcount be made up and the Gov-ernment's medium term plan for reducing public deficits (now 11.5 per cent of gross domestic product) put back on

Switzerland's Bundesbank seeks to reassure markets as repo rates rise

By Andrew Fisher in Frankfurt

WEST GERMAN interest rates on the regular securities required transactions (repos) between the Bundesbank and commercial banks edged higher yesterday. But cantral transactions this bank officials said this had no special significance for monetary policy and did not signal a further tightening.

"This should not be over-interested" said Mr Leonhard Germany and other European

terpreted," said Mr Leonhard Gleske, a director of the cen-tral bank. The rates reflected commercial bank and market views on interest rate trends, he said. "It is not our intention to push rates up. We have to tolerate what the market bids." Again conducted on an interest rate tender basis, the funds for the 28-day transaction were allocated at levels of between

The top rate was thus mar-ginally above the 6 per cent Lombard emergency funding rate, but money market sources noted that most of the funds were allocated nearer to 5.5 per cent. The rates on the 63-day repo, also carried out yesterday, ranged between 5.65 and 5.9 per cent.

The sources thus did not expect any further rise at today's fortnightly Bundes-

Germany and other European countries. Yesterday, the dollar closed in Frankfurt at just over

DM1.87.

• The Bundesbank informs the Bank of France of forth-coming monetary decisions but true co-operation, Mr Pierre Berégovey, the French Finance Minister, said yesterday, Reu-

Minister, said yesterday, keuter reports.

Reiterating criticism he first
made last summer, Mr Bérégovoy told a news conference:
"We are informed of decisionsby the Bundesbank. They
talk to us about it. But
this is not the way that you
make progress in co-operation." tion."

He also reaffirmed his hope that talks between the US Securities and Exchange Com-mission and its French counterpart, the COB, would lead to bank council meeting of the key discount and Lombard rates.

These last moved up by half a point each two weeks ago to

Output forecast to fall in W German car industry

By Andrew Fisher

WEST GERMANY'S car to 744,000 people in 1988. The rise reflected more hiring by production cuts of 34 per cent this year, but investments will increase sharply, said Mr Achim Diekmann, general manager of the country's motor industry association (VDA)

He also warned that West German manufacturers would come under stiffer competition from Japan and Western Europe: The battle in the world market is becoming tougher," he said.

On Toyota's plan to build a new plant in Europe, probably in Britain, he said: "This will be a sharpening of competition, an extra challenge, and it will force us to think harder about how to keep costs under con-

This year, he said at the ence, the domestic industry would find it hard to maintain current employment levels after a further rise of 5,000 jobs

decline comes after only a slight drop in 1988. VDA fig-ures showed that output eased by 9,000 vehicles to 4.6m, with a-rise of 7 per cent to 236,000 in commercial vehicles more than offset by the effect of a near 1 per cent fall to 4.8m in cars. In West Germany, new car registrations, 4 per cent lower at 2.8m, are likely to ease to 2.7m

in 1989 But Mr Diekmann reckoned total investment by the indus-ity would rise by 10 per cent after a 6 per cent advance to DM12.7bn (23.9bn) in 1988. In the past three years, invest-ment had jumped by a third, the upper end of the market and away from lower-priced cars which can mostly be pro-duced cheaper elsewhere.

people at the central bank, which has repeatedly com-plained about profligate gov-

ernment spending, might

agree.

Spanish officials argue that the economy is now in such a delicate position that, had they not acted this week, any measures taken later might have been worse. Although interest rates have been rights areas.

rates have been rising anew

Private and public consum

not been put off.

Higher interest rates to follow Spanish squeeze

MR CARLOS SOLCHAGA, the policy been better co-ordinated Spanish Finance Minister, con-firmed the inevitable yester comment with which many Spanish Finance Minister, con-firmed the inevitable yester-day. Interest rates will rise again in the next few days, fol-

again in the next few days, following the imposition of a fierce credit squeeze by the Bank of Spain on Tuesday designed to rein in galloying economic growth.

The monetary authorities have forced banks to raise their required liquidity reserves (the proportion of their deposits lodged with the central bank) by 1.5 points to 18 per cent. Under Spanish regulations, 6.5 per cent of the required reserve will not hear any interest and the rest will attract a low rate.

Companies which borrow

attract a low rate.

Companies which borrow foreign currency to will have to lodge 30 per cent of the central bank loan with it or, in the case of loans made through bank operations, 20 per cent. The aim was to slow the inflow of speculative foreign capital and weaken the peseta, which has risen to nearly 61 per.

D.Mark from its 66 target.

The measure also includes money raised through bond-placements abroad.

The increased reserve

money raised through bond placements abroad.

The increased reserve requirements will take about Pta 400tm (about £2bm) out of circulation, the bank says.

Economists believe the attack on foreign currency borrowing is the barsher measure. Businesses and banks will still have to pay interest on all the foreign funds they borrow, even though they will have access to only 70 per cent of it. The effect will be to raise the cost of borrowing abroad and to narrow differentials between Spanish and foreign rates.

That should make it easier for the Bank of Spain to raise donestic rates without upsetting the peseta.

Treasury officials expect the measures to have an immediate effect. There will be no new borrowing at all, said one. He said much of the problem lay in short-term borrowing by Spanisuds through foreign banks resident in Spain, they would be most affected.

"Its a pretty steep measure, said Mr Jaime de Pinles, chief economist at Chase Maniattan in Madrid. "It's a clever move provided it is transitory."

He added that "it would have been unnecessary had fiscal plantage."

Financial: Tim Ostergade DENMARK.

Private and public consumption rose 4.9 per cent and 4.5 per cent respectively last year. Gross fixed capital formation rose 14.7 per cent in 1988, with the gross domestic product rising 5 per cent after 5.5 per cent growth in 1987.

Inflation jumped to 5.8 per cent last year, against a 3 per cent target. Mr Solchaga is determined to keep the rate at 3 per cent this year, although independent economists consider this unrealistic, and that partly explains why he bowed partly explains why he bowed to Bank of Spain pressure for the credit squeeze.

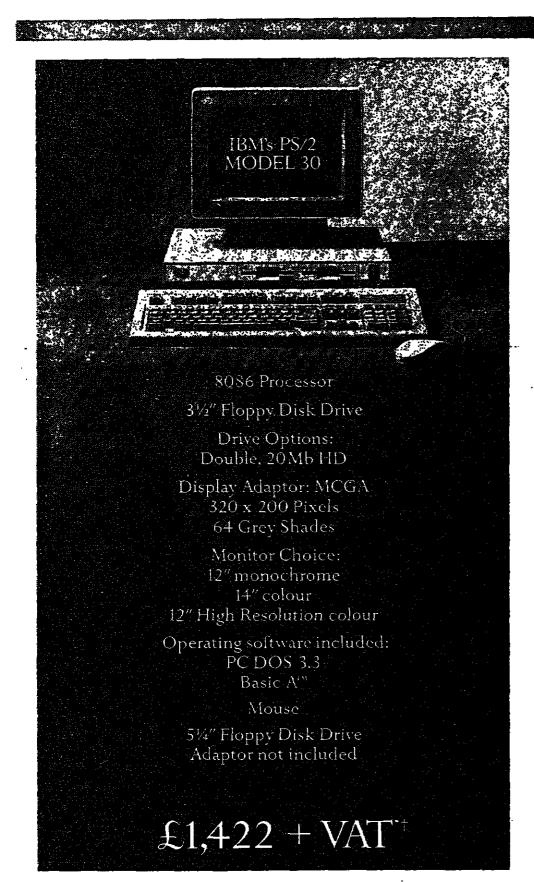
The strong peseta, high con-sumer spending and invest-ment were also responsible last year for Spain's first-current account deficit (\$3bn) since 1983.

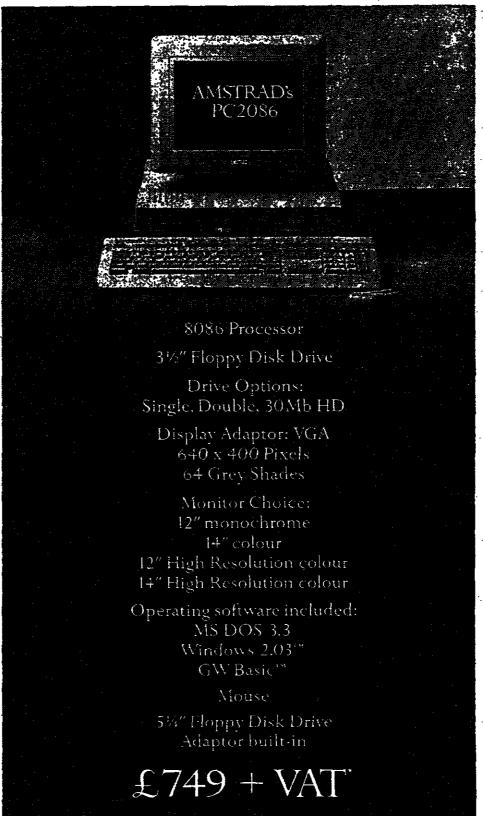
The central bank also fears the Government will spend

heavily to placate the trade unions after their December 14 general strike; it has already made a two-year offer worth Pta 344bn.

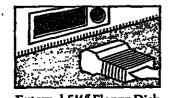
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EUROPEAN NEWS

Hungary's leaders | Poles rediscover the pleasure of making money split on degree of political change

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the pace of reform, and over . From the moment the dicta-the symbolically important, torship of the proleitariat was issue of how to interpret the proclaimed the participation of events of 1956, which led to workers in the exercise of

recently as the "events" of would not allow a number 1956. Mr hure Nagy, who led independent organisation which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently as the "events" of would not allow a number which opposed the Communicative recently recently as the "events" of would not allow a number which opposed the Communicative recently recent

THE HUNGARIAN leadership, in a marked grave but will not which has charted the most ambitious reform programme in Eastern Europe, is seriously the a view reflected the Spelings split over how far political of the public and a large part change, and the rewriting of the public and a large part the official version of history, model begun in 1948-49 should go.

Mr Karoly Grosz, the Communist Party leader, has 1956. The root of the wrong path in its entirety and had led to munist Party leader, has 1956. The root of the problem the pace of reform, and over the moment the dictatorship of the proletariat was

events of 1956, which led to

Moscow's intervention.

He has sharply criticised Mr lan Radio.

Imre Pozsgay, the politicator's Mr Grosz replied anguly that leading reformer, who said last he did not know what had weekend that a party commit motivated Mr Pozsgay to select tee he headed had concluded a "single element" out of 40 that a "popular uprising" took years of party history.

Growing differences have Previously, the uprising was also emerged over the establement of a multi-party system of the party as a lishment of a multi-party system. Mr Grosz has indicated he would not allow a number of organisations. independent . organisations which opposed the Communist

Private enterprise begins the long march against inertia, writes Christopher Bobinksi from Warsaw

T PARTIES in Warsaw these days, the talk is of making shortages as well as the loopholes provided by an over-regulated and singular couraged by the pro-private en-

days, the talk is of making money.

Encouraged by the pro-private encouraged by the pro-private encouraged by the new Warsaw terprise rhetoric of the new Warsaw Government, more and more Poles are becoming interested in taking advantage of pre-war legislation, still on the statute books, which provides for the establishment of limited liability joint stock companies.

The first stirrings of a market in capital, commodities, equipment and even stocks can be discerned in the classified advertisements of the news-At the beginning of 1988, there were

about 5,000 new companies in the country, almost all set up before 1985. By last July, the figure had grown to more than 11,000 and court registrars are snowed under with applications.

In theory, the mechanism is simple.

A few friends, maybe relatives, put together a small sum as capital, register their company and start the long march through local government offices, putting together the required permits to start trading or production.

It is an exhausting process and

It is an exhausting process, and more than a third of the registered companies run out of steam before going into business, or find going it alone more difficult than expected.

For some, the mitiative is simply a

way of making money by taking

to trade with the Soviet Union, expects to record a turnover of Zl 20bn (£22m) and pre-tax profits of Zl 600m.

Its chairman, Mr Andrzej Machalskiis, is a leading figure behind Economic Action, an umbrella organisation of groups lebbring for greater tion of groups lobbying for greater

> The previous government, replaced in September by Mr Mieczyslaw Rakowski's team, did not make life easy for the new companies, but it does not seek to limit the movement

Indeed, earlier this year, the word went out to the state sector encouraging it to enter into links with these

to react to market signals.
Others, mostly Solidarity supporters or even former internees who are

banned from their old jobs, first turned in the early 1980s to founding

co-operatives to make a living and

then began to set up joint stock com-panies as a simpler vehicle with tax

Unicum, a co-operative founded by Solidarity supporters in 1984, is a clas-

sic example. This year, it and its seven subsidiaries (a further 13 are in

the pipeline), whose activities range from housing and computer assembly

advantages to boot.

private companies and set some up themselves. If the pledges emanating from Mr Rakowski's ministers come to fruition, the climate could improve significantly for private business, allowing it to expand into foreign trade as well as permitting joint ven-tures with Western capital.

The new government's propaganda, which actually encourages people to go out and seek ways of making money, has broken with the egalitarian creeds of past years and sent a shiver of excitement through middleclass Polish living rooms.

party officials and managers from the state sector are getting involved in new companies. Such links between the nomenklatura, or official elite, have always existed, albeit discreetly, at first only in Poland's small crafts-dominated traditional private sector and later, at the beginning of the 1980s, in small-scale Westernowned companies.

But now the ideological barriers are coming down and it is becoming a positive virtue for a party apparatchik to be involved, in some small way at east, in a business enterprise. In Gdansk, a new law firm, Lex, is

setting up a computer-based system which aims at bringing together those with spare capital, machinery and them. The scheme also envisages the buying and selling of shares.

The primary elements of a stock exchange have also appeared in Warsaw. Since September, Tebos, a company founded in 1982, has been advertising its services as a broker of stocks as well as spare production

capacity. Few shares if any have actually changed hands as the vast majority of the new companies are private but Mr Waldemar Szczepanik, Tebos's owner, says he sees the move as an investment for the future.

Mr Jan Bielecki and Mr Jan Majewski have made a study of the "new entrepreneurs" in Gdansk. They presented a paper to a meeting of an unofficial Gdansk group of free market liberals recently.

hey found that 23 joint stock companies were registered in the province in 1985, 534 two years later and that nearly another 900 had been added to the list by the end of last year. However, only 400 had begun any business activities by last December.

Equity capital in the Gdansk com-panies is invariably low and credits from the state owned banks are nonexistent, the authors noted.

The great majority of the new com-

ple in their 20s and concentrate on

require little capital equipment. Finance is raised either by asking for payment in advance from clients or delaying payments to suppliers.

Trading companies, mostly specialising in computers but moving into photocopiers and fax machines, have the highest yearly turnover, reaching several billion zlotys.

The annual turnover of companies providing building services ranges from ZI 50m to ZI 200m. But companies in this sector have the largest number of employees, with between 30 and 100 on the payroll.

Lowest turnover comes from those companies providing consulting services. The authors feel that these companies would be in a position to compete with large or even mediumsized state sector operations only if there were a real change in government policy.

Profits are still, in effect, taxed at a prohibitive 90 per cent rate, which limits chances of development. For the moment, the private enterprise movement is giving its participants high incomes and a fair measure of freedom from the state.

It is also providing an entirely fresh source of entrepreneurial talent which is directly challenging the set

Clash at top of Yugoslav party ends in stalemate

A THREATENED showdown party congress, empowered to between two top Yugoslav poli-make sweeping personnel between two ton Yugoslav poli-ticians ended in stalemate yesterday after the Communist party's central committe closed ranks behinds its leader, Mr Stipe Suvar, and postponed making decisions on a party congress and internal party

Mr Slobodan Milosevic, the Serbian party leader, whose nationalist line has split the country down the middle, had

changes.
After an inconclusive and actinomious three day central committee meeting. Mr Suvar appealed for unity among a faction torn party. "Neither the polithuro nor the central committee can do anything unless we have such unity," he said, in remarks aimed at Mr Milosevic

However, the plenum was seen only as a temporary set-back for Mr Milosevic, who

remains set on purging the party bureaucracy.
Observers noted that a central committee meeting in October, which failed to bring any sweeping personnel changes, was seen as "clipping the wings of Mr Milosevic" – but this had not prevented his

supporters from toppling the

party leadership in Montene-

gro, with street demonstra-

tions, earlier this year. His critics fear he is quietly preparing to place his support-ers in key positions, both in his native Serbia, in the province of Vojvodina, and in the For-

grade and Mr Desimir Jevtic as prime minister of Serbia.

Both had supported Mr Ivan Stambolic, the former Serbian party leader, in the bitter lead-ership struggle in November 1987 which Mr Milosevic won.

One was the role of the armed forces, whose representatives warned the central committee In Serbia, for example, plans are afoot to replace Mr Alexan-der Bakocevic as mayor of Belthat they would not stand idly by while the party tore itself

performance of the new Bel-grade Government, headed by Mr Ante Markovic, an exper-enced economist from Croatia. If Mr Markovic can slowly Observers said two factors

turn the economy round, Mr would influence decisively the the Serbian leader's chances. Milosevic may lose some popu-

Czech growth exceeds target

CZECHOSLOVAKIA reported 3 per cent growth last year, an improvement over recent years and slightly above target. But the quality of growth remained poor and serious shortages of consumer goods developed. A quarter of all industrial companies failed to meet production targets and "owed" the state products worth nearly Koruna 8bn (£500m).

The gross industrial production target of 2.1 per cent growth was exceeded but economists in Prague said this heavy machinery and plant, which is now difficult to sell within Comecon, continued at a high level. Instead of exporting the output to the Soviet Union as planned, some was diverted to the domestic econ-omy or added to already huge industrial stocks.

Czechoslovakia, which intro-duced self-financing in 440 companies last year - but none of the important ones – recorded a growing deficit in its hard currency trade but did

meant little. Production of not reveal the amount. It merely said that foreign trade rose by 3.5 per cent, of which 79 per cent was with Comecon. Some hard currency was spent to import consumer goods from the West to improve the deficit in domestic production. Personal income and retail sales rose faster than expected and massive buying took place in expectation of higher prices. This led to growing shortages of con-sumer goods or, "disproportions" in the domestic market.

Mystery of Calvi's death nears an uncertain dénouement

By Alan Friedman in Milan

LIKE AN Agatha Christie thriller, the tortuous and longrunning tale of Roberto Calvi and the Banco Ambrosiano is nearing its denouement. But

Banco Ambrosiano, who suffered from vertigo, capable of hoisting himself off the scaffolding under Blackfriars Bridge where he was found hanged with five bricks stuffed in his clothes, his watch stopped at 1.52, on the morning of June 18?

professional killers who

lf he was murdered, was it by fellow members of the out-lawed P-2 Freemasons' lodge, fearful that he might be ready to talk about his dealings with the Mafia underworld, with lialian politicians or with the Vetican bank that controlled Vatican bank that controlled 10 overseas dummy companies to which Ambrosiano lent \$1.3bn, money that was never recovered and which caused the Milan bank to crash? These are a few of the questions about the man who was dubbed "God's Banker."

The story is nearing its con-

clusion because of three sepa- her husband. rate judicial proceedings in Milan. The first: a civil tribu-

next few weeks.

Calvi bank crash. Last year a high court in Rome quashed the arrest warrant issued against Monsignor Marcinkus, who was sought by Italian police on fraud charges.

The Milan court's verdict pointing to fool play rether pointing to foul play rather than suicide is at odds with a London inquest in 1983 that

June 1982 may never be The second: a criminal investiexplained. gation by Judge Matteo Mazwas it suicide, or morder ziotti, is expected to fizzle out treal.

Was it suicide? Was without any prosecution; it is the 62-year-old chairman of Said that Judge Mazzintti does

Some of the names must never be revealed, not even in Confession, she claimed in a telephone interview from Montreal.

A Vatican spokesman dissaid that Judge Mazzintti does not believe in the murder the-ory or cannot find any evi-dence. And the third a fiveyear investigation into the financial fraud that broke the bank, is likely to produce three dozen indictments within the

> per le Opere di Religione, the Vatican bank that has already paid Ambrosiano creditors \$250m damages "in recognition of moral involvement" in the

produced an open verdict. And Mrs Calvi has claimed Vatican

"Roberto was afraid for his life. He wanted to tell all, to nal's decision last week that name names inside the Vati-Mr Calvi was murdered, sug-can. But he was warned by a gests that his widow Clara senior Vatican lay official that milke the mysteries probed by gests that his widow Clara senior Vatican lay official that Hercule Poirot, the death of should be allowed to collect some of the names must never Roberto Calvi in London in Libn (£1.7m) of life insurance. be revealed, not even in Con-

> missed her charges as non-sense and said: "We have no comment to make because the Holy See cannot add anything to the position we have maintained for seven years." The Vatican has repeatedly denied any criminal involvement in

the Calvi affair. June 18?

The only indictment certain Little remains to be done by Or was his death the work of not to be handed down will be the various Milan magistrates rofessional killers who against Archbishop Paul Mar involved in the mystery, dragged him from his hideout cinkus, the American-born although documents from the in the Chelsez Cloisters and friend of Pope John Paul II Lugano-based Banca del Gotbrought him to the bridge in a who is chairman of the Istituto tardo, which was once part of the Calvi empire, are still

Mrs Calvi says "the secrets of the priests are in those docu-ments" but hardly anyone else thinks much will come of them. In London, Sir David Napley's law firm, which is employed by Mrs Calvi, continnes its own investigation into Mr Calvi's death and police officials have asked to see evi-

dence from the Milan judges. After seven years of mystery, the saga looks set to end produced an open verdict. And with a whimper rather than a bars Calvi has claimed Vatican bars — in the best tradition of involvement in the death of thalian intrigue.

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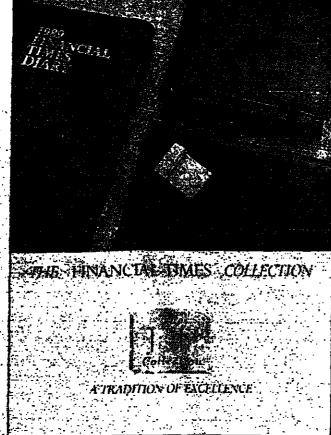


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Mitterrand presses French economic suit on India

Ry Paul Betts in New Delhi

PRESIDENT Mitterrand is spearheading a diplomatic effort to improve France's flag-ging relations with India with a four-day official state visit.

Mr Mitterrand arrived in Delhi yesterday with an impos-ing delegation including seven ministers and several leading French businessmen. The visit will reach a climax on Friday with a son-et-lumière extravaganza in Bombay before 200,000 people to kick off the Festival of the French year in India.

In conversations with Mr Rajiv Gandhi, the Indian Prime Minister, and President Ramaswamy Venkataraman, Mr Mit-terrand laid the stress yesterday on the need to intensify the North-South dialogue, an issue which has long been at the forefront of the French President's preoccupations.

But the most immediate pur-

pose of the visit is to improve economic ties between the two countries and open up export opportunities for France. French exports have been over the last two



Mitterrand: four-day visit

the four-day visit. France is hoping to make progress on a number of important contracts, including a FFr 600m (£54m) thermal power station and the Dul Hasti dam project in Kash-

Merieux and India to build a FFr 500m vaccine institute near Delhi with French concessionary aid. France and India also signed yesterday a co-op-eration agreement in the bio-medical field.

To improve Indian export prospects in France, India will open an export office in Paris this year. At the same time India has agreed to speed up the bureaucratic process for future French investments in

An Indian Foreign Ministry official said the two leaders briefly discussed expansion of co-operation in atomic energy and space exploration but did not reach accord. "Prime Minister Gandhi said it was worth pondering on the causes of the French Revolution and worth making efforts not to allow a repetition of those mistakes on

a global scale.

"President Mitterrand spoke of the economic absurdity where such a small percentage

of the world's population con-sumed such a large proportion of the world's resources," the French officials also regarded as an encouraging sign the agreement finalised yesterday between the Institut years. Although no spectacular new deals are expected during Palestinian in the middle

Andrew Whitley reports on Feisal al-Husseini

of Israeli manoeuvring

THIS HAS been a strange few days in the life of Mr Feisal al-Husseini, the Palestinian leader and scion of one of the

most celebrated local families. Until Sunday, he was sitting in an Israeli jail under accusations of helping to mastermind the Palestinian uprising, or intifada. This week, he has been at the centre of a peculiar game of political poker between Mr Yitzhak Rabin, the Israeli Defence Minister, and the Palestine Liberation Organ-isation, on the subject of plans for municipal elections in the occupied territories. So what has Mr Rabin been

up to? Was his solo initiative, as some Palestinians suspect, an attempt to split their ranks and break the intifada? Or is it a genuine attempt to bring about a real dialogue with the

internal opposition? Until 1948, the al-Husseinis, who claim direct descent from the Prophet, were to the Pales-tinians what the Windsors are to the British. For cer each generation of this extended clan of Jerusalemites played a central role in this corner of the Middle East: as mayors of Jerusalem, as the Mufti, the supreme Moslem dignitary, or else as provincial governors under the Ottomans. They were more than figureheads. Mr Husseini's grandfather led the Palestinian delegations to London during the 1920s which pleaded, in vain, with the British to abandon the Balfour Declaration and Britain's commitment to a Jewish national home. His father,

Mahathir

Lumpur

rival rejoins

ruling party

By Wong Sulong in Kuala

DATUK Musa Hitam, the

former Malaysian deputy

Prime Minister, is rejoining the ruling United Malays National

Organisation (Umno). The decision is seen as the

most significant political realignment within the Malay leadership since Dr Mahathir

Mohamad narrowly beat off a challenge to his leadership at

the Umno party polls nearly 20

months ago. Datuk Musa said he was

rejoining Umno because the Prime Minister had of late soft-

ened his attitude towards his

opponents. Dr Mahathir has allowed all Malays to join

Umno, restored elected opponents in the party's Supreme

Council and was more tolerant to criticisms.

During the past few weeks,

there has been a quiet realignment among Malay politicians and Dr Mahathir's recent illness has hastened the process.

office beyond his current term, which expires in 1991, and the

63-year-old leader may even step down sooner if his health

deteriorates further. Should Dr Mahathir decide

to step down, the most likely successor at the moment is Mr

Ghafar Baba, 64, his deputy, whose political stature has

Ampang Jaya. However, observers feel that



Husseini: potential card

Abdul Qader, was killed leading Palestinian irregulars against Jewish forces in 1948. Feisal al-Husselni is now generally acknowledged - by Palestinians as well as Israeli security officials - to be the PLO's top figure still living in That he has not yet been

deported to Lebanon, like doz-ens of other accused instigators of the intifada, says a much about his importance as a potential card for Mr Rabin. When a draft "declaration of independence", with hundreds of names attached, was seized last July from the offices of his now closed Arab Studies Centre in East Jerusalem, the big, balding Palestinian was simply put back into administrative detention - for the third time in two years.

A few days before his

By Maggle Ford in Seoul

HUNGARY yesterday became

the first Eastern bloc country

to establish diplomatic rela-tions with South Korea, while maintaining links with the Communist North.

Mr Gyula Horn, the Hungar-ian State Secretary, also signed

an economic agreement with Mr Shin Dong Wan, the South Korean Vice Foreign Minister, under which both countries

will receive most favoured

Mr Sandor Etre, the Hungarian Chargé d'Affaires, said at a news conference that he hoped the agreement would foster better understanding between North Morth Morth March Script Morth Mort

North and South Korea, Hun-

gary was convinced that Seoul

vanted to normalise relations

with Pyongyang, he said. Trade between Hungary and

Hungary sets up in Seoul

release, none other than Mr Shmuel Goren, a former Mos-sad chief now in charge of administering the occupied territories, dropped in for a chat. It was, he said, "to get to know the man behind the files". Speaking in his large villa on the slopes of Jerusalem's Mount of Olives yesterday, Mr Husseini insisted that the only

point in common between himself and Mr Rabin was the "elections". His initial qualified endorsement of the Defence Minister's election plan drew implicit criticism from PLO beadquarters in Tunis, and he appeared to be backtracking. He now says that what he

really meant was elections after an Israeli withdrawal and not before, something of a non-starter as things stand. As groups of Palestinians trooped in every few minutes to greet him, Mr Husseini was optimistic that the uprising was beginning to bear fruit. in jail had seen many changes on the international scene. In Israel, he noted, an increasing number of senior Labour politicians were calling publicly for

talks with the PLO.
But was he himself becoming a cat's-paw for Mr Rabin? There was a pause. The pale grey eyes looked tired. "Some-one tried to do such a thing," he replied carefully, "to make some waves on the international scene. My feeling is they are trying to use me and my words. If that's the case, they came to the wrong address."

South Korea was worth \$28m last year, mostly made up of South Korean exports. Two joint ventures have already been set up and Mr Eire said he expected a strengthening of economic links this year.

economic links this year.
President Roh Tae Woo of South Korea has been invited

to visit Budapest.
North Korea reacted strongly to the Hungarian deci-

sion to set up a permanent mis-sion in Seoul, announced just

before the Olympic Games last year. Its ambassador was with-

drawn and has not been

Mr Etre emphasised yester-

day however that Hungary's

attitude to the North had not

changed and that it hoped a

new ambassador would arrive

By Robin Pauley, Asia Editor, in London and Christina Lamb in Islamahad

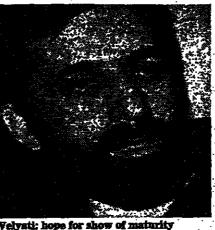
THE NEARER the final withdrawal of Soviet troops from Afghanistan and the further away any political compromise on the country's future the greater the degree of high level diplomatic scurrying about in search of charges answers.

search of chosive answers.
Yesterday it was the turn of Dr Ali
Akbar Velayati, Foreign Minister of Iran,
to turn up in Islamabad to offer his thoughts for a last-minute formula which might break the deadlock and avert a civil

He met Mr Yaqub Khan, the Pakistani He met Mr Yaqub Ahan, the rakistant Foreign Minister, who returned from a hurried round of similar but fruitless meetings in Saudi Arabia, a key backer of the Afghan Mujahideen which have scored a military triumph against the Soviet occupation forces but cannot agree on a political way forward political way forward.

Dr Velayati will stay for three days and

be followed into Islamabad at the weekend by Mr Eduard Shevardnadze, the Soviet Foreign Minister, who went to Kabul last month. Since then the Soviet finance, defence and planning ministers have been to Kabul to assess the situation as the deadline of February 15 for the final Soviet



Velyati: hope for show of maturity

On his arrival in Islamabad, Dr Velayati admitted that agreement had not yet bean reached between any of the parties on the shape of an interim government to replace the Soviet backed Kabul regime.

"persuade the Mujahideen to co-operate for the future of Afghanistan" and added: "I hope they will show maturity and over-come these difficulties," echoing equally hopeful but ultimately truitless sentiments. from a string of international visitors before him.

Mr. Gulbuddin Hekmatyar, one of the

Mr. Gulbuddin Hekmatyar, one of the most extreme of the leaders of the alliance of seven Pakistan-based Afghan resistance groups, has returned from a week's visit to iran where he failed to persuade the predominantly Shia Mujahideen to accept 60 places in the 519 member share (assembly) due to meet on February 10 to select an interim government for Afghanistan.

The Iranian-based Shia guerrillas say they represent 25 per cent of the Afghan

the iranian-based shia guerrinas say they represent 25 per cent of the Afghan population and thus merit a quarter of the places, as well as more representation in the interim government than the one ministerial position currently proposed.

Meetings in Pakistan are now considering whether the files are now considering whether the files are now considering the files are now considering whether the files are now considering whether the files are now considering the files are now cons

ing whether to offer the Shias 80 shura places and two more ministries. However, two of the seven Pakistan-based Sunni leaders, Youms Khalis and Abdur Sayvaf. se soviet-backed Kabul regime. say they are against any representation.

He said that Pakistan and Iran would for Shias.

Iranian minister joins Afghan scurrying Indian strikers produce the goods

By Gita Piramal in Bombay

A GROUP of strikers who have A GROUP of strikers who have been locked out of a Hombay soap and detergent company run by Hindustan Lever (HLL), a Unilever affiliate, have privately developed their swabrand of detergent powder. The detergent, called "Lock Out" is being hawked door-to-door by striking workers and their wives in areas near HLL's Bombay factory, which has been closed by management for the last seven.

agement for the last seven. The legend on the packing symbolically reads: "Packed with People's Power. Fights

with People's Power. Figure
Dirt Everywhere.
The detergent venture is the
latest episode in a prolonged
sags involving the Hindustan
Lever Employees Union and
the HLL management. Trouble
first started at the plant in
June 1986 when the previous
wage settlement ended and a
fresh one had to be drawn up.
The union, led by Dr Datta
Samunt, a member of parilament and a popular trade
union leader who has fought
some of the most famous Dirt Everywhere."

some of the most famous strikes in Indian industry, submitted a 36-point charter of demands most of which were felt by management to be

Company officials claimed that each unskilled worker would cost HLL Rs7,173 (2273) would cost HLL RS7,173 (2273) a month if the new charter were accepted. The workers deny this, claiming that they want only a minimum wage of RS2,590, and point out that wages at HLL are lower than those at Temes, a soap and detergent commany owned by detergent company owned by Tata, the Indian industrial

Negotiations gradually reached a deadlock. The work-ers' patience were thin and a series of go-slows, lightning strikes and work stoppages ensued. The management declared a lock-out and issued their own charter (with just nine points), which it insisted every worker had to accept before further negotiations could be held.

As the lock-out entered its sixth month and union funds diminished, a handful of workers hit upon the idea of producing and marketing their own

desergent powder.

"After all, we do understand
the technology," says one

Worker.
While an application for a being processed by the Gov-ernment, the workers are buyerunent, the worker from other ing loose powder from other small-scale manufacturers, packaging and marketing it under their own brand

"Lock Out" has added a new dimension to the Indian labour movement. For the first time, workers have introduced

thme, workers have introduced a product which competes with one being manufactured by their employers during a period of agitation.

"The question of loyalty to HIL did come up, but in the end, it is a question of survival," says one worker. The management's stiffening attitude apparently clinched the issue. "We started feeling that we were just cogs in HIL's we were just cogs in HLL's wheel. HLL has a number of units all over the country. The namagement increased produc-tion in those ones, and made it clear that they did not need us," says the union's general

the new product, an HLL learn how difficult it is to manufacture, sell and make o

"Lock Out" will never seriously challenge HLL's sales of Rss.34bn, however. Less than three tonnes of the workers' detergent have been sold since its introduction two weeks

Sharansky nomination prompts row

Israel's nomination of Mr Natan Sharansky, the former Soviet dissident, as its UN ambassador sparked controversy yesterday, with analysts warning it could harm delicate relations with Moscow, Reuter reports from Jerusalem.

The potential affront to the Soviet Union was apparently compounded when a Soviet Jewish mathematician who went missing at a Paris confer-ence turned up in Israel on Tuesday as a "new immi-

Mubarak assails Israel on Taba

Mr Hosni Mubarak, the Egyptian President, accused Israel yesterday of damaging rela-tions with Cairo for the sake of a hotel at the Sinal seaside resort of Taha, Reuter reports. In Jerusalem, Israel's 12member inner cabinet promised to withdraw from the resort "in a specified and brief period", but only after completing arrangements with Egypt on property ownership and Israeli access.

Lebanon peace attempt halted

Six Arab foreign ministers yes-terday gave up for the moment DE DO SOIVE LE constitutional crisis, saying they needed to consult more Lebanese leaders, Reuter reports from Tunis.

Sheikh Sabah al-Ahmed al-Sabah of Kuwait, chairman of the league committee, said Lebanon's two rival prime min-isters and parliamentary speaker remained at odds, mainly over reforms to their country's sectarian-based polit-

Anti-apartheid talks reach 'consensus' nary people could understand the law and their rights, Mr

A GROUP of Afrikaner lawyers and officials of the African National Congress (ANC) guerilla organisation yesterday reported broad agreement at a meeting in Zimbabwe on changing South Africa's apart-heid laws, Reuter reports from Harare.

About 30 Afrikaner lawyers and 20 ANC officials are attending the five-day conference which began on Tuesday. "It's a meeting of like minds to the extent that everybody is against apartheid and is in favour of ending the apartheid system," Mr Thabo Mbeki, the ANC's information secretary told a press briefing in Harare

Mr Mbeki said that there was a consensus that South Africa's land system was unjust and had to be changed and that a Bill of Rights for a post-apartheid period should not be used in order to entrench privilege.
The meeting, seeking to

define a role for South African lawyers in fighting apartheid, agreed that the legal system should be simplified so ordi-

Mbeki said. Two workers were killed and

and the first of the control of the forest of the forest of the control of the co

a third was seriously injured yesterday in a blasting acci-dent at a South African platinum mine, the owners said, Reuter reports from Johannes A spokesman for Impala

Platinum Holdings said the men were working 70 metres (230 feet) underground at the company's Karee mine at Marikana, 80km (50 miles) northwest of Johannesbury.

All three were employed by a contracting company carrying out shaft sinking and other work at the mine. The accident came a day

after at least four miners died in a rock fall at a gold mine near Johannesburg. Two were killed last week in a similar fan.∙

Hundreds of South African miners, mostly blacks, die in accidents every year. Mining companies deny trade union charges that safety standards

Concern over Namibian indepence plan MR Javier Perez de Cuellar, UN Secretary-General, is con-

cerned by a dispute over his Namibia independence plan and fears that nationhood may be held up if it is not soon resolved, his spokesman said yesterday, Renter reports from the United Nations.

Mr Francois Giuliani said further delay could upset a scheduled Arell I dealling for

scheduled April 1 deadline for the start of the higgest UN field operation since it entered the Congo in the 1960s.

Mr Perez de Cuellar con-veyed his views to delegates from the so-called African frontline states on Monday, Mr Giuliani said. They are displeased by the UN chief's cost-saving plan for

Namibia that would send 4,650 troops to supervise pre-inde-pendence elections, not the 7,500 previously envisaged.

Mr Perez de Cuellar trimmed.

the budget to \$416m from a first estimate of more than \$700m after the US, the Soviet Union, Britain, France and China said they were unwilling to contribute to the larger bill. Mr Giuliani said it was important to adhere to April 1.

Sudanese cabinet reshuffled

By Julian Ozanne in Khartoum

to his coalition Government after failing to heal a split between its members.

His choice as new deputy Prime Minister - Mr Hassan El Turabi, leader of the fundamentalist National Islamic Front - may signal the re-in-troduction of Sharia law and makes an early resolution of the civil war unlikely.

Six ministers have been reshuffled and five new ones

Political observers in Khartoum are interpreting the changes as further strengthening the hand of the hard-line NiF at the expense of the mod-erates. Mr Turabi's party has made re-introduction of Sharia law - which prescribes such punishment as amputation of hands for thest - a condition for their continued participation in the coalition.

The changes follow the fall-

SUDAN's Prime Minister, Mr named to the cabinet. Mr Tur-Sadiq El Mahdi, yesterday abi was also confirmed as Min-announced sweeping changes later for Foreign Affairs. Unionist Party which left the Unionist Party which left the coalition after Mr El Mahdi, backed by the NIF, refused to give government backing to a peace agreement negotiated by the DUP and the rebel Sudan People's Liberation Movement in Addis Ababa last November. Sharia law, which is presently before parliamentary sub-committee, remains a key obstacle to ending the war.

Australians fear Japanese buying power

By Chris Sherwell in Sydney

AUSTRALIANS, like a lot of other people in the Pacific region, having been getting increasingly anxious about the levels of Japanese investment in their country. Japan has moved to smooth the feathers of those who fear that the Gold Coast and the golf clubs, if not Fosters and Sydney Harbour bridge, are being snapped up by the region's economic

superpower.
Mr Sosuke Uno, Japan's For-eign Minister, visiting Austra-lia to sell friendship rather than to buy anything, promised that the Japanese Government would help to ensure that investment recognised Australian sensitivities and was conducted in an "orderiy" fashion by investors who were "good

The undertaking was a clear and deliberate response to Australian political and media concern over the course of Japa-

nese investment Down Under. Japan is a big investor in Australia, and one of Australia's leading trading partners, buying large quantities of its coal, iron ore and beef. But Japan is only about the fifth largest foreign investor in Aus-tralia, with its direct investment put at around A\$21bn (£10.4). Japan is not even the biggest investor in Australian real estate – that honour goes to New Zealand - or in tourist

But the figures for Japanese investment have increased dra-matically over recent years and its businesses have latterly been investing extensively in real estate, and also in the coal, beef and tourist sectors. It is this trend which has become of increasing domestic political importance as it has provoked domestic worries about local land prices and the impact of vertical integration on certain

commodity prices. Much of the concern has contained disturbing racist overtones which are rarely present with European or North American investment. For its part the Canberra Government, having opened up the economy to international market forces over the past six years, is reluctant to tighten its remaining restrictions on foreign investment, now con-fined largely to broadcasting, aviation and residential real Equally it would like to see

more foreign investment in tourism and the relatively neglected manufacturing sec-tor, rather than in more speculative or strategic areas. At a press conference given with Senator Gareth Evans, Australia's Foreign Minister, Mr Uno said it was "the basic bedrock" that Japanese investors should become "good citi-zens in the community". The

Government of Japan, he added, has to have a good check that investment is conducted in an orderly fashion". Senator Evans, welcoming Mr Uno's remarks, spoke of the Japanese Australia relationship having "the feel about it of a new beginning". He later told Australian journalists that the Australian journalists that the investment question had had the potential a few months ago to become a significant bilateral issue, but "I think it's been effectively defused". He did not expect Tokyo to lay down detailed investment around rules, but nointed to ground rules, but pointed to the new sensitivity on Japan's part. He affirmed there was no inclination by Camberra to establish land ownership registers or other regulations. These, he said, were potential distincentives to investment

"and that's about the last thing

the Australian economy

We've told them [the ministry]

secretary. In a demonstration of fraternal sympathy, other unions have bought small quantities of "Lock Out". Asked about spokesman commented: "We wish them luck. Now they will manufacture, sell and make a profit in a highly competitive

Books gather dust as Ghana grapples with education

William Keeling, in Accra, reports on the problems of university funding in the Third World

The current assessment by senior Malay politicians is that because of his heart by-pass operation, Dr Mahathir is unlikely to want to remain in versity of Ghana, Legon, is the best in the country. The stock ranges from Cic-ero to Chinua Achebe, Tris-tram Shandy rubs shoulders with Lord Emsworth of Bland-

ings.
Sad, indeed, that conspicuously scarce are the students for whom these books were intended. Six months ago they protested at their food allowance, 51 cedis (\$0.17) a day, at which the Government closed been enhanced by engineering a government victory in last weekend's by election at the university. It is to be reopened in February under a revised funding programme which is intended to solve the impossible problem of university finance, a situation now defined by one of the shop's untouched volumes. Rub away the gathering dust and the title

emerges: Catch 22. The university began life as the University College of the Gold Coast in 1948 with degrees and diplomas awarded by the University of London: a student population of 5,000 was envisaged but residential constraints have limited that number to 3.800.

The fortunes of the university have tended to coincide with the state of the national economy, both hitting an all time low in 1983 when education spending accounted for just 1 per cent of GDP. That year also marked the undertak-ing by the Government of Fit-Lieut Jerry Rawlings of a Structural Adjustment Pro-gramme (SAP) and the statistical reverse of economic decline. The effect on the management of the university has been progressively more direct. Since 1983 Ghana has received over \$3bn of international aid and, with more money in the system, the University has benefited. Depart-

mental staffing levels in 1985

were at 50 per cent while now, bar three or four exceptions, they are up to strength. it was not until 1987, how-ever, that the technocrats

imum loan of 50,000 cedis a year at 3 per cent interest (inflation is currently 30 per cent) to be repaid when the graduate receives employment.

less than that of their developed counterparts, books and equipment cost the same, but remuneration for the qualified is only a fraction.

One proposal has been to undereducate students so they are of use in the development of the nation but not overseas

behind SAP concentrated their minds on the financing of tertiary education. Donor organisations withheld their grants in anticipation of the reforms package and with a histus in essential finances the student protest gave the authorities the necessary excuse to shut the

The previous system provided free accommodation, the miserly feeding allowance and an annual book loan of 5,000 cedis. Replacing this is a students' loan scheme with a max-

With accommodation still being paid for the students study would appear to be bet-ter financed. The National Union of Ghansian Students bas, however, condemned the loan as being "grossly inade-quate" on the one hand while questioning their ability to repay the loan from a monthly salary of the first-time employed averaging 10,000

This is the dilemma of education in developing countries; its price is not substantially The continuing low wags level is the primary concern of SAP's designers and fuel for its critics. It acts to undermine the hope of the Ministry of Education that work-study schemes might help alleviate the new financial burden imposed on students. Mr Akilagas Sawyerr, the vice-chan-cellor of the university, points out that "even those in full employment don't save enough to do anything with. How can students work for half a year and save enough to live on?

but they insist on repeating it.
It's a bit of a ritual." Another suggestion is to make parents hear more of the cost but this presupposes that the older generation has access to funds which their offspring do not a study of the circuit. do not. A sindy of the sister-University of Science and Technology in Kumasi showed that 70 per cent of the students were the children of farmers, junior civil servants or small traders whose incomes could never support

never support a dependent through higher education.

As Mr Sawyerr indicates, "when you are paying a lecturer 10,000 cedis, you cannot ask him to pay for his child at university. At around 10,000 cedis it doesn't make sense."

As if naving for the system As if paying for the system were not enough, once educated many graduates leave the country for the lusher pastures of the West.

One controversial proposal has been to underences students to a level where they are of use in the development of the nation but unqualified in terms of employment dverseas. Most accordance faid the alea morally reprignant and arress morally represent and stress that the long-term dangers of lowering quality will be greater reliance on the technological knowhour of developed.

logical knowhow of developed countries.

With a buoyant economy the education reforms would with a treat but with a near solidation tence wase level prevalent they rely on weak foundations.

This might be enservely tackled if only the source units were not homan benefit for the university to be considered.

fective Mr Sewyerr would have to evict an army of latitude workers, yet to receive their end-of-service benefits, from scarce university accommoda-tion. tion

by returning to Umno, Datuk Musa is also making himself available for high office should the opportunity arise. He recently consolidated his grip in his influential home state of Johore, a traditional Umno

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CHAMPAGNE AND APLOMB.

Our new intercontinental business class, Club World, is dedicated to those of you who prefer to eat from Royal Doulton china; to drink fine champagne served with true British aplomb; and to recharge your batteries in an ideal environment.





Canadian reshuffle may delay naval deal

By David Owen in Ottawa

BRITISH and French groups in the running for a lucrative con-tract to supply Canada with a nuclear-propelled submarine design face further delays fol-lowing the reassignment to health and welfare department from the defence portfolio of Mr Perrin Beatty in this week's Cabinet reshuffle.

Canada was originally due to decide between the British Trafalgar and the French Rubis-Amethyste class vessels more than 10 months ago. The overall cost of the project is put at C\$8bn (\$6.78bn). Fresh delays could spring

from two sources in the wake of the reshuffle and attendant restructuring of the cabinet's expenditure approval process. First, Mr William McKnight

Mr Beatty's replacement, will meed time to acquaint himself with his new portfolio. An unknown quantity in defence-related matters, Mr McKnight (a farmer) previously served in the ministries of labour and Indian affairs.

Second, and potentially more serious, it seems that the expenditure plans of all ministries are to be subjected to an immediate pre-budget review, as the government assesses how best to commence its anticipated assault on the federal deficit.

Prime Minister Brian Mulroney and Mr Michael Wilson, his reappointed finance minister, are under considerable pressure to make inroads into the federal budget deficit, running at close to C\$30bn a year, in the early stages of Mr Mul-

roney's second term.

Defence spending - targeted to rise by at least 2 per cent a year in real terms for 15 years in the 1987 defence white paper (draft law) - is widely seen as particularly vulnerable to

pruning.
Advocates of this school cite Mr Beatty's transfer, the political risks associated with tax increases or welfare cuts, and the current spirit of east-west detente in support of their line of reasoning.

Indeed, opponents of the submarine programme, with a broad selection of the Canadian national press, have hailed Mr McKnight's appointment as the death knell of the nuclear-powered option.

Diet of dollar and debt expected on G7 menu 7 HEN the US Treasury first

Peter Norman examines the issues likely to arise at this week's meeting of senior finance ministers

suggested an early meeting of the Group of Seven lead-ing industrial countries with the new Bush administration, it envisaged an informal "getting to know you" ses-

sion to continue the process of eco-nomic policy co-operation.

When the finance ministers and central bankers of the US, Japan, West Germany, France, Britain, Italy and Canada meet in Washington for dinner tonight and talks tomorrow, they will here more critical issues on they will have more critical issues on the menu. Although the G7 talks are billed as

low key and senior officials have warned that no communique will be issued, the US wants the meeting to discuss the question of Third World debt and the strength of the dollar will almost certainly be discussed. One of the most important items on the agenda will be what Mr Nicholas Brady, the US Treasury, says about the US's budget plans and the debt problem in Latin America. The US, conscious the crisis is being managed

Leading US

slight growth

By Anthony Harris in

indicators show

successfully but is still unsolved after more than six years, appears keen to promote debt reduction through market oriented methods.

ket oriented methods.

A potentially more disruptive element is the recent movement of the dollar and interest rates. The surprising strength of the US economy and US dollar's recovery since the lows after President Bush's election have thrust counter-inflationary concerns to the fore in the US and West Germany, raising doubts whether the seven can maintain the credibility of

their policy of currency stability.

The dollar has been fluctuating since the G7 met last September. It was unexpectedly strong then; nudging DM1.88 and Y134.50, raising fears among America's trading partners that the hoped-for correction of the huge US balance of payments deficit and the West German and Japanese surpluses would grind to a halt.

After a sharp decline which brought the dollar down to around DM1.72 and Y122 in mid-November, it has since recovered, gaining about 9

per cent against the D-mark and 7 per cent against the Japanese yen.

The dollar's gyrations have been contained by central bank intervention. But the patterns of intervention have shown different priorities among the G7 countries. Japan, for example, intervened heavily to sustain the dollar in November while the Bundesbank was less concerned. As the dol

bank was less concerned. As the dol-lar has risen, testing last September's highs against the D-Mark, West Germany has shown most alarm, leading concerted dollar selling sprees with other central banks, but not the Bank

The intervention pattern, how-ever, also reflects different pri-Japan and the US. Japan fretted for its export industry as the dollar tun-bled while West Germany was rela-tively unconcerned, reasoning that it would gain in its fight against infla-tion. As the dollar has risen, Japan has been slow to see an inflationary danger, while the West German Bund-

esbank has raised its key interest rates twice in the past two months.

There is a risk that West German and US central bank policies will be incompatible. Mr Alan Greenspan, the US Federal Reserve Board chairman, is a committed inflation fighter. He is a committed inflation fighter. He has engineered a tightening of US monetary policy, lifting the Federal Funds rate, at which US banks borrow and lend to each other, by around 2½ percentage points to 9% per cent since the spring.

Mr Greenspan also promises to hold the US economy's growth at non-inflatiomary levels. Such policies raise the spectre of rising interest rates which could choke off world growth.

could choke off world growth.

A slanging match is not expected between the Bundesbank and the Fed in Washington. The central bankers are more likely to round on the assembled finance ministers and urge them to put their fiscal houses in order. They argue that the strains in the G7 show monetary policy is carry-ing too great a burden by demands to achieve currency stability, low infla-

tion in current account imbalances.

The US in particular, will come under pressure to disclose how President Bush proposes to reduce the US deficit to its \$100hm (£51bn) target in the fiscal year ending September 1990 from the \$161bm now expected this fiscal year. Mr Bush's budget plans are to be announced on February 9.

The US in turn will probably demand action from West Germany and Japan to pare their current account surpluses. Mr David Mulford, the US Treasury undersecretary, said last week that additional policy measures were needed in both the deficit

and surplus countries.

Such issues created discord among the G7 in 1987 and may have helped trigger the October Stock Market crash. But the US and its partners have learned not to row in public again. By not issuing a statement after this week's talks, they are tak-ing precautions to keep the most con-troversial items on the G7 agenda out of the public view.

Contra supporter appointed tion, economic growth and a reducto US post By Lionel Barber in

PRESIDENT Bush has selected Mr Bernard Aronson, a Democrat supporter of the Nicaraguan Contra rebels, to be the state department's chief Latin العطائعة العطائعي ا

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America policy maker.

Mr Aronson was the personal choice of Mr James
Baker, US Secretary of State,
whose goal is to forge a bipartisan approach with Congress on
Central America and Nicaragoa, arguably the most divisive foreign policy issue for the new Administration.

The appointment may find favour among Democrats and Republicans but may disappoint Latin American countries which have long argued that Central America has pre-occupied the US at the expense of the rest of the hemisphere.

Mr Aronson, a former speech writer for President Carter, will replace Mr Elliott Abrams, a combative Republican lawyer who alienated many congressional Democrats by supporting a covert policy of arming the Contras in an attempt to overthrow the Sandinista gov-

ernment. Mr Baker has indicated he does not intend to request further military aid for the Contras for the moment and is pre-pared to consider diplomacy in the region. But the nomination of Mr Aronson sends a mixed

signal. While he is considered a liberal democrat, Mr Aronson became an outspoken sup-porter of Contra aid in the final years of the Reagan administration, arguing that Sandinista internal repression justified US military support for the opposition. So far the Bush administra-

tion's pledge to consult with Congress on foreign policy has drawn a positive response from Democrats. This week, Mr Jim Wright, House speaker, said he would shelve a bill requiring White House notification of covert operations within 48 hours. The bill stemmed from the Iran-Contra scandal in

• Mr James Lilley, a veteran diplomat, CIA official and friend of Mr Bush is expected to be US ambassador to China. Mr Lilley, 60, was born in China, and was most recently ambassador to South Korea.

The steady helmsman who steers US Treasury team

Peter Riddell profiles ex-banker David Mulford

the days of "example setting and strong leadership" to show the appeal and effectiveness of

the Reagan approach to the economy. Mr Mulford now acknowledges it was a mistake

to wait too long before return-

ing to a co-operative stance.
It took a long time to change

the distortions which devel-

oped during the early 1980s.

The current co-ordination pro-

cess of the G7 countries started

THE US composite index of leading indicators rose by 0.6 per cent in December, reversing a 0.2 per cent fall in the previous month, the Commerce Department announced The rise, exactly in line with expectations, had no impact on the markets. It is slightly weaker than the coincident index, 0.7 per cent up, which is in turn slightly weaker than the lagging indicator. This is in line with other indications of continued, but slightly slower economic growth.

The major factor in Decem-ber was the rise in Wall Street prices, and it is clear that Wall Street will make a blg positive contribution to the January index as well. This strong per-formance partly reflects the return to the equity market of small investors who have traded little since the market crash of October 1987.

The second strong positive factor was an increase in orders for consumer goods, already recorded in the monthly statistics. It is not yet clear whether this will be sustained: after a reported strong start to the holiday retail se son, sales in many markets fell short of expectations.

S THE ministers of the gained international experi- in having commonly accepted ence from studies in Oxford and Northern Rhodesia, as a Group of Seven indus-trialised countries assemble in Washington tonight to review progress in policy co-ordination, one of the participants will be reflecting, with satisfaction, on the shift in the US approach since the early Reagan hands-off days.

Mr David Mulford, recently promoted from assistant to under secretary for international affairs, has been one of the few constants in the rapbanker with White Weld (in its pre-Merrill Lynch days), and serving from 1974 to 1984 as senior investment adviser for the Saudi Arabian Monetary

In the latter role Mr Mulford became closely involved in the politics of international finance since delicate negotiations were involved with governthe few constants in the rap-idly changing team of senior US Treasury officials. ments in arranging large-scale investments. When he arrived at the Treasury five years ago it was still

Recruited in early 1984 by Mr Donald Regan, he was prominent in the move towards a more activist international role for the US initiated by Mr James Baker in 1985-86 and carried on now by Mr Nicholas Brady. A strong defender of the G7 process, Mr Mulford sees the

US playing a prominent part in all key international economic issues - the adjustment of imbalances between the industrialised countries, the debt problems of the Third World, and trade issues, especially with newly industrialised A dapper 51-year-old, he

following the Plaza accord of 1985 and was clarified at the Venice heads of government summit in June 1987. Mr Mulford favours a regular series of meetings - not least

and compatible economic data to discuss. While the markets have naturally focused on the implications of these meetings for currency movements, Mr Mulford regards agreement on medium-term objectives to reduce imbalances as more

To him, the emphasis on co-ordination was vindicated at the end of 1987 when a series of far-reaching fiscal and monetary policy changes were agreed over six weeks without a formal meeting.

This week's meeting is about keeping up the adjustment pro-cess. While all the participants are talking about routine discussions, there will be calls for additional policy measures if imbalances are to be reduced. Without action by the sur-plus countries, it is possible that as the US Federal Budget

deficit is reduced, there might be upward pressure on the dollar, pushing up the trade defi-cit, benefiting the surplus countries and further weakening the US.
The other side of the greater

US Government activism since the early 1980s has concerned international debt problems.



Mulford: his self-confidence sometimes ruffles others

While the review of US debt policies has not been com-pleted, Mr Mulford has said the outlines of the Baker plan are likely to be endorsed with a case-by-case approach, the encouragement of voluntary debt reduction, debt-equity swaps, the continued involve-ment of commercial banks to secure further lending and action to reverse capital flight. In practice, the US adminis-tration has taken a leading role in these discussions, notably in Central and South America. Mr Mulford sees the US Treasury as playing "a critical catalytic

role" in encouraging market-He claims this does not mean pushing aside the Inter-

national Monetary Fund since the US does not aspire to arrange standby credits or to monitor performance. Yet, for political as much as financial reasons, the first stop

tries is Mr Mulford's office at the US Treasury.
The US has taken a sceptical view of a possible increase in IMF quotas, arguing it already has substantial unused

resources

in Washington of many of the

Latin American debtor coun-

Mr Mulford has at times ruffied the susceptibilities of others by his self-confidence in negotiations. But no one disputes his experience or commitment to the recent US activ-

WORLD TRADE NEWS

Commission to probe Chinese silicon exports

By William Dawkins in Brussels

THE European Commission by trading companies in Hong yesterday launched an inquiry into alleged under-pricing of silicon metal exported from China through the British col-

ony of Hong Kong.

This is the seventh EC anti-dumping case against products from Hong Kong over the past 15 months and involves a material in widespread use in the car and electronics industries. It is used as an alloy for electrical insulation, engine casings and sealant.

The action was triggered by a complaint from the European Community's only five producers of the metal in Italy, France, Spain and West Germany, who maintain that their Chinese competitors, abetted cent to 197,000 tonnes.

By David Buchan in Brussels

food trade war yesterday switched to next week's Geneva council meeting of members of the General Agree-

ment on Tariffs and Trade

(Gatt), after the US imposed punitive tariffs on almost \$100m of EC food imports.

The Community had already complained to the Gatt council about the immediate American desirion to retain the contract of the council and the council about the immediate American desirion to retail the contract of the council and the co

decision to retaliate against

the Community's ban on hor-mone-treated meat from the US

imposed on January 1. The US

gave Community exporters a month's grace for food shipped

Yesterday this grace period expired and, despite EC appeals for a prolongation, Washington put 100 per cent duties on certain types and quantities of European pork,

before December 31.

Kong, were artificially cutting prices to gain market share in the EC.

Their trade body, the Lizison Committee of European Ferro-Alloy Producers, maintains that Chinese producers have been selling in the EC at down to 29 per cent below the equivalent price on their own home markets.

As a result, imports from China and Hong Kong grew from nothing in 1985 to take an 8 per cent share of EC consumption in the first six months of last year.

This was over a period when the EC market grew by 14.5 per

Foreign ministers of the Twelve will meet on February

22 to consider counter-retalia-tion on US food imports, in the

light of the February 8 Gatt

council's deliberations on the

European complaint that the US action infringes Gatt rules, a Commission spokesman said

EC ministers have decided

that any counter-retaliation will take the form of 100 per cent duties on US dried fruit

yesterday.

US puts punitive tariffs

on \$100m EC exports

THE focus of the transatlantic hams, tomatoes and coffee.

threat to **EC** textile industries

By Alice Rawsthorn

THE European Community's textile and clothing industries may face increased competi-tion from Turkey, China and Hong Kong after introduction of the single market in 1992, according to a report. One of the most important

changes for textiles and cloth-ing after 1992 is likely to be the replacement of the existing system of national textile quotas - negotiated under the Multi-Fibre Arrangement - by Community-wide quotas.

The report, prepared by the Boston Consulting Group for the Economist Intelligence Unit, argues that the introduc-tion of Community-wide quotas will make the European market more easily accessible to textile producers outside the

Community.
Greece, Spain and Portugal
which at present have relatively low levels of import penetration — may be most vul-nerable. Although West Germany and the UK, where imports are already well estab-lished and some quotas are full, could also suffer from the "diversion" of goods from

other markets.
Conversely, the ease of access to the Community may benefit the European companies which source textiles and clothing in other non-EC counciotaing in other non-EC coun-tries. The West German textile industry has developed highly efficient systems of overseas sourcing. Similarly, French companies source increasingly from North Africa and UK companies from the Far East. The European industry should also benefit from the

faster flow of goods within the Community. Abolition of trad-ing obstacles, such as border controls, should make it quicker and cheaper to move and nut imports worth around \$100m a year. No significant direct negotia-tions seem to be taking place between Brussels and Wash-ington, with both sides waiting quicker and cheaper to move goods from country to country. The main benefit for the European industry should be the increased speed of trans-port. After 1992 it will take about 36 hours, against the present four or five days, to ship goods from Italy to West Germany. for the outcome in Gatt and for signs of weakness in the oth-er's position.

Germany. 1992: Implications for the EC Textile and Clothing Industry, Charbel Ackermann and John Lindquist; Textile Outlook International (No 21), EIU, 40 Duke Street, London W1A 1DW;

1992 poses | US trade armoury gets a 'crowbar' | Israelis to

Peter Riddell on Washington's aggressive pledge on protectionism

HEN Mrs Carla Hills, the new US Trade Representative, promised to use "a crowbar" to pry open markets for US goods, she was vividly summing up the approach and mood of the new administration and Con-

It is still the time for strong words with no hint of conces-sions - either on bilateral trade issues or on the stalled Uruguay Round negotiations.

During the past two weeks' confirmation hearings for the Bush administration's economic team, senator after sena-tor has urged aggressiveness and firmness, towards both Mrs Hills and Mr Robert Mosbacher, the Commerce Secre-

tary designate.
Senators of both parties have pressed for a willingness to retaliate against alleged unfair trade practices overseas, nota-bly via the provisions of last year's Omnibus Trade Act - known as super 301 priori-ties - for unilateral action in cases of extreme protectionism. Mrs Hills said that while retaliation cannot be the goal of our policy, the credible threat of retaliation provides essential leverage in our market-opening efforts. Thus, actual retaliation will be used, albeit reluctantly, to preserve the credibility of the threat."

She talked of "aggressive implementation" of alternative tools such as unlitteral super tools such as unilateral super

301 retaliatory action.
The administration will have to decide over the next few months what will be classed as priority countries under this provision and what action

should be taken.
On specific issues, Mrs Hills referred to US concern over alleged Japanese failure to open up its home market to US semi-conductors (an issue likely to be raised during the visit in Washington today and tomorrow of Mr Noboru Tak-eshita, the Japanese Prime

She also distanced herself from the Defence Department's decision to co-develop an advanced fighter aircraft, the

FSX, with Japan.

Mrs Hills said the US was
"very troubled" over government subsidies, especially from
West Germany to the European Airbus project. She described this as a top priority and referred to "some very strong unilateral tools that we can use in these sorts of cir-cumstances, and we will seri-ously consider them if our bilateral negotiations do not

Mrs Hills gave nothing away in her comments - confirming the US belief that the Urugnay Round talks cannot be successful without dealing with trade distorting agricul-tural subsidies, intellectual property, textiles and safe-



Carla Hills: tough stance

been expressed in all the hear-ings by senators and by nomi-nees on the implications of the creation of Europe's barrierfree internal market in 1992.
At present, it is mainly apprehension – noting, as Mrs Hills did – the substantial opportunity offered to US exporters and investors and

exporters and investors and urging vigilance to ensure that the lowering of barriers within the European Community does not lead to the erection of new barriers against non EC mem-So, at present, the US

emphasis is still on persuasion, with the stick kept in the back-ground. But the words are strong, particularly in relation to talk of reciprocal action in

the financial sector. Both the administration and Congress are keeping in close touch with 1992 developments. Senator Joe Biden, the chair-

man of the European Affairs sub-committee of the Senate Foreign Relations Committee is to visit Brussels in two weeks time and will then consider whether to hold hearings on the issue. A striking feature in some of

the hearings has been hints of what amounts to an industrial policy to combat Japanese and other Far East competition in certain sensitive areas. This has arisen recently in relation to plans for a US electronics consortium to develop high definition television.

Mr Mosbacher said in his testimony he favoured more co-operative ventures between the Federal government and US companies to accelerate the development of high technol-

ogy projects.
This has raised problems in the past over antitrust laws which, he acknowledged, "put our firms at a distinct disad-vantage from an international competitiveness point of view."

These hearings have underlined the current restiveness in the administration not only over the size of the trade defi-cit and what are seen as pro-tectionist moves overseas but also more generally over the competitive position of US industry.

and musine Ellat, Link's repre-sentative in Israel, emphasised: "As far as Russia is concerned, they are not dealing with Israel but rather with Western Europe. We are proceeding with caution."

explore Soviet ventures

By Laura Blumenfeld in Jerusalem -

ISRAELI businessmen are expected to join a group of Western European industrialists on a trip to the Soviet Union in the coming months to look into joint ventures with Soviet companies.

A Soviet-Swiss company set up to promote East-West economic co-operation extended an invitation last week to 15 Israeli entrepreneurs to partici-

Link, a Zurich-based company, is interested in investments and know-how related to construction, industrial machinery, textiles and agriculture. It plans to help arrange finance and act as broker in negotiations between the Western companies and Soviet authorities.

Next month, Soviet and Swiss representatives of the company will organise a symposium in Israel for those interested in investing in the USSR.

Mr Moshe Eilat, Link's reprements and know-how related to

Mr Moshe Eilat, Link's repre-

Japan becomes big market for West European linen try is under increasing pres

sumers in linen clothing, according to Mr Bob Franck of International Linen, the prom-otional office for linen in the

UK and Ireland.
Now, the industry is about to launch a big promotion cam-paign in Japan, both among consumers and in the garment trade, hoping to increase its sales in the Japanese market by 50 per cent in the next 10

South Korea and other East Asian countries. "The only

West European linen has established itself in the Japa-nese market as a quality prod-uct, beating exports from more substantial production centres

Airbus ahead in bid for HK deal By John Elliott in Hong Kong

AIRBUS INDUSTRIE'S planned

stretched MD-11 for an order worth at least \$1bn (£555m), and possibly in excess of \$2bn, from Cathay Pacific Airways, Hong Kong's main airline.

Cathay is expected to decide in March on the order, which will be for 12 aircraft plus 12 options to repiace ageing Tristens from 1993 onwards. The airline will then choose between engines from Rolls-Royce, General Electric, and Pratt and Whitney.

All three companies make engines for both the A330 and MD-11 and have been told by Cathay that they all have a chance, despite Cathay's decision in 1974 to bow to pressure from the British Government

from the British Government to buy Rolls-Royce-powered

TriStars rather than GE-powreal locals.

This is the most important re-equipping decision to be made for many years by the airline which says it will fund the purchases from cash reserves created partly by sale and leaseback of existing sir-

At present, it has 16 Boeing 747s of various configurations and is buying four of the new 747-400 series with an option on five more. But these 460s are delayed, along with Boeing's deliveries to other significant. deliveries to other airlines. Cathay was told by Boeing that the first aircraft will arrive late in June, two months late, and the second five months late in

TriStars, which it is expanding to 16 or 18 with purchases at

ovation costs. In 1987, Cathay was planning to replace the 10 Tristars it was then flying on regional routes with 747s. But the 747s were needed on intercontinental routes, so it has been expanding the TriStar

Boeing has offered a variety of replacement options for the TriStars, including various ver-sions of the 787 and 747. But it seems unlikely to be able to produce an adequate design quickly enough, so is no longer a front runner.

That leaves the choice for the regional-route airliner between twin-engined 320-seat A330s, which will not fly until 1993 and are expected to cost about \$20m.25m cost Cathay also has a fleet of 14 about \$80m-85m each, and three-engine stretched longerrange 370-380-seat MD-11s.

First Malaysian cars exported to UK

THE FIRST batch of 600 cars to the UK this year. US Malaysian cars have left Port Klang bound for the UK mara setback after the ending of a ket, writes Wong Sulong in Kuala Lumpur. The manufacturer hopes to export between 6,000 and 7,000 Proton Saga and per cent by Mitsubishi.

THE West European linen industry has suddenly realised that Japan has become the second largest export market after the US and the consumer of more than 15 per cent of West European output, Ian Rodger reports from Tokyo.

This has happened because of the growing interest of Japanese garment makers and consumers in linen clothing.

The Japanese garment indus-

sure from imports from China Asian countries. "The only thing that will save the Japanese textile industry is to trade up," Mr Franck said.

Success would be good news for regions such as Northern Ireland, northern Scotland and northern France. Sales have declined in Europe so the rise in Japanese demand has already helped, Mr Franck said.

West European lines has

in Eastern Europe and China. Last year, West European exports of linen yarn reached 5,000 tonnes while exports of fabric were 500 tonnes.

A330 airliner has edged ahead of McDonnell-Douglas's stretched MD-11 for an order

By Veronica Baruffati in Lime

SRUARY 2195

itra

porter

ister, announced a series of corrective economic measures "to reassure investors and the

public in general.

Mr Rivas said that the official rate for the currency, the inti, would be devalued from 700 to 920 to the dollar, though the central bank later amended this to 950. Fuel and basic food prices have been increased an average 30 per cent and mini-

num wages 20 per cent.

Monthly devaluation and the price increases will become progressively smaller each mouth so that by June infla-tion will have dropped drastically without reducing the pro-ductive capacity of the country. We will maintain our international reserves while at the same time reducing our fiscal deficit," said Mr Rivas. If, however, the calculations did not work out as planned,

hesitate in introducing more "corrective measures" Mr Rivas stressed that the measures formed part of the Government's economic pro-gramme begun last September, aimed at "disciplining the economy and reducing inflation. . . we have to reverse the negative tendency of the balance of payments and provide an incentive for exports," Mr

the Government would not

Rives said Since September, the Gov-ernment has managed to

Nicaraguan

'insufficient'

introduced by the Nicaraguan

government are insufficient to

repair the country's shattered

economy, private sector repre-

sentatives said yesterday.
The measures, amounced by
President Daniel Ortega on
Monday, involve slashing the

state budget by 44 per cent, dismissing 35,000 people, unity-ing the country's exchange

rates, and tightening credit from state-run banks. Mr

Ortega said the Government

planned cuts in subsidies for basic goods but did not provide

Further tightening of credit

contradicts any attempts to

boost industrial and agricul-tural production, Mr. Cilberto Cuadra, a consulting engineer and head of the Supreme Coun-

cil of Private Enterprise, Nica-

ragua's largest private sector body, said yesterday. Mr Cuadra is in Britain as a guest

Although the attempt to bring the official and parallel

exchange rates for the cordoba

currency unit into line was a

step forward, further growth

depended on investment. The Government had not addressed

the question of foreign invest-

ment, Mr Cuadra said. Until

the investment climate and the

political situation changed,

this would not be forthcoming.

Bolanos, a cotton grower and former president of the Supe-rior Council of Private Enter-

prise, said the Government "is

cutting investments nearly to

zero, and if there's no investment, there's no growth, if there's no growth, there are no

President Ortega said dis-missed workers could be absorbed into agriculture, with 10,000 needed to harvest coffee.

This was unrealistic, Mr Cuadra said, while there was

no investment in agricultural

Nicaragua said on Tuesday

it was extending a 10-month-old ceasefire in its war against

US-backed Contra rebels until

By Barbara Durr in Santiago

In Nicaragua, Mr Enrique

of the Foreign Office.

measures

IN A brief broadcast on reduce the monthly subsidies from \$125m to \$30m per month, its, the Peruvian Finance Minto reduce imports and to donhle its income, "indicating a more efficient administration and better tax collection". Mr Humberto Carranza, president of the American Popular

Revolutionary Alliance parliamentary group, said the Government had consulted the party leadership before amouncing the measures and that the party had given its full support to Mr. Rivas.

President Alan Garcia left for Venezuela and motorty. for Venezuela amid protests

for Venezuela amid protests against the measures which have been accused of being "mere lists of price increases."

Both left and right-wing opposition parties have deplored the absence of a plan to tackle the problem of boosting exports, creating jobs, and patting an end to the central bank's indiscriminate printing of money.

of money. Exporters complain that they will lose out because they have to buy their input at the street dollar rate which is still more than double the new devalued rate of \$50 intis per dollar which they receive for Before the latest measures

Fears diminish

of oil damage

to Antarctica

PRARS of the damage to

Antarctica by oil from a sink-ing Argentine vessel were reduced yesterday, but conser-vationists feared the incident

The supply ship Bahia Par-aiso, laden with 250,000 gal-lons of diesel oil capsized on Tuesday near the northern tip

of the Western Antarctic Pen-insula, on its way to the Argentine Antarctic base of

An Argentine Navy spokes-man discounted the possibility of a major spill, saying the

vessel was carrying only enough fact for its own use and to supply Argentine bases in the region. Forecasts of

major damage were reduced when it became clear the ves-

sel was not a tanker, but was

carrying oil in drums. "It's not as bad as we first thought," said Mr Bernard Moran of the

British Antarctic Survey in

National Science Foundation

n Washington. New Zealand conservation-

ists said an oil spill would

break down in Antarctica's

environment than in more temperate climates. Oil was

also absorbed by the ice,

By Andrew Marshall

the purchasing power of Peru-vians had dropped 70 per cent since last September when the Government introduced its first measures. The new price s are expected to trigger off another round of wage demands and industrial unrest.

UK NEWS

Chip makers come closer to market |SES expected to

Terry Dodsworth looks at investment by semiconductor companies

he predilection of Japa-nese companies to think long-term could hardly be better illustrated than their approach to European semiconductor manufacturing.

Arriving in Europe much later than the Americans, the Japanese have had an uphill struggle to establish them-selves. But they have invested steadily, built up their distribution networks, gradually put down assembly and test plants, and are now moving into the hyper-expensive business of

water fabrication.
It seems likely that Europe can expect to see two distinct elements in this expansion. In the first case, the big four Japanese semiconductor companies - NEC, Hitachi, Toshiba and Fujitsu - will all establish wafer fabrication plants to complement their present assembly facilities. NEC has already done this, with a facility at Livingston in Scotland; the rest are now expected to

follow suit over the next four

Second, a number of second division Japanese producers, such as Sony and Seiko-Epson, will probably move into Europe by doing deals with local companies. Industry executives say there are extensive talks are extensive. talks going on currently with a view to giving these groups manufacturing facilities in European-owned plants in return for access by the Euro-pean companies to the Japa-

The significance of the current emphasis on water tabs, as they are known in the industry, is that they are the most crucial element in the semiconductor manufacturing

By Lynton McLain

runway capacity in the south-east of England to be provided as a matter of urgency, expec-ted today from the Civil Avia-tion Authority, were attacked

as premature yesterday by BAA, the former British Air-ports Authority, which owns the three main London air-

BAA said it would disagree

with any call for urgency for another runway to meet rap-

idly rising demand for air ser-vices in the London area.

"Decisions on possible sytra

runway capacity do not have to be made until the early

COMPANY pensions should

increase in line with the rise in retail prices subject to a 5 per cent a year limit, the Occupa-tional Pensions Board recom-

mended yesterday.
- The board, an adviser on

pensions to the social services minister, urged the establish-

ment of a pensions tribunal to

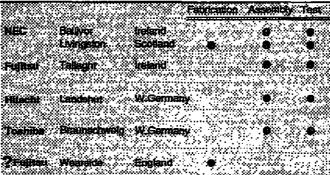
deal with pension disputes

between employees and pen-

sion scheme trustees or

By Eric Short, Pensions Correspondent

Japanese semiconductor plants in Europe



the equipment which process wafers of silicon on which the individual semiconductors are etched before being sliced up into separate chips.

They are extremely difficult to run because of the need to

eliminate impurities in the air and material supplies. And they are exceedingly expensive - \$100m is now a minimum for a plant of moderate volume, and companies are thinking increasingly in terms of around \$300m for the next gen-eration of facilities.

Most of the American semi-conductor companies – the big exception is Intel, the Californian microprocessor group-already have substantial wafer fabrication operations in Europe. This is a sign of the strength of the US companies in the European market, where Texas Instruments and Motorola figure as the third and fourth largest suppliers. These groups have consistently stressed the need to invest close to their users.

The Japanese are now being influenced by similar consider-

Airports authority rejects calls

need another runway in the

south east until the turn of the

century and there is no

urgency to make any decis

in the south-east is expected to

be a major conclusion of a report due today from the CAA The CAA believes plan-ning for a new runway should

start immediately because of

ish airlines began further checks on 125 Boeing aircraft

yesterday after new reports of wiring errors in the US.

Company pension rises advised

had been identified during an

eight month study of employee

rights in company pension

occupational pension schemes, pension rises above a low guar-

anteed level were at the discre-

tion of the trustees and/or

employers. Such payments tended to disappear when com-panies were taken over, with

the predator company seeking to recoup its acquisition costs

by cutting outgoings and

set-stripping the pension

First, in most private sector

Lynton McLain writes: Brit-

airspace congestion.

The need for another runway

for further runway capacity

CALLS FOR additional airport 1990s," BAA said. "We do not

ations of proximity to the market. But in their case, the issue has been made much more urgent by the moves towards European market integration

The 1992 programme has forced the Japanese to think more aggressively about expansion in Europe, and probably speed up their plans for wafer production. Because of the expense of building fabrication plants it is bard to release tion plants, it is hard to make a purely economic argument for establishing them at the sort of volumes the Japanese companies are now generating indeed, this the reason why Intel has not yet decided to start European manufacturing. But the larger Japanese groups now seem to have swung behind the idea that then need to have vertically integrated operations up and running in the European Community before the trade barriers come

tumbling down in 1992. Additional urgency was given to this line of thinking by the European Commission's plans to insist that semicon-

One of the new cases in the

US involved cross-wiring that would have indicated fire in

the wrong engine of a 737, the US Federal Aviation Adminis-tration said. The UK Air Acci-

dents Investigation Branch of

the transport department said

after the crash of the British Midlands' Boeing 737-400 last

month that there was no evidence of a fire in the engine

that had been shut-down in

flight.
The Civil Aviation Authority

said all UK airlines with Boeings built after December 31

1980 had to comply with a new

Second, the machinery available for employees to seek

redress of grievances was costly, complex and usually led

to the courts.

Mr Rowe said the Board was

reluctant to put forward solu-

tions that would impose higher

costs and adminstration bur-dens on employers. That might

prompt employers to stop pro-

viding company pension

schemes with salary-based pen-

Instead the Board was

urging voluntary action. Lex, Page 16

sion benefits.

ductors are fabricated (or diffused, as the process is some-times known) locally to qualify as European under the EC orizin rules.

These proposals, announced in early January, are due to be adopted by the Commission in the next few weeks. They will put considerable pressure on semiconductor suppliers via the manufacturers who use the chips in products such as printers, copiers and televisions. In an increasing number of

these product areas, manufac-turers are now being attacked by the Commission for running screwdriver" plants in Europe where less than 60 per cent of the finished product is made from imported components. These producers now despar-ately need to use semiconductors that qualify as fully European because these components make up such a large percentage of the fin-

"The only cast-iron way of getting true acceptance in Europe is to have a plant here," says Mr Jim Beveridge, a Dataquest analyst in London. Texas instruments, the big US group which recently announced a \$250m investment in a fabrication plant in Italy -its third in Europe - says that the decision was influenced by its aim to supply as much of its European requirements as possible from European sources.

Mr Beveridge argues that a third element has now entered the thinking of the Japanese. This is the conviction that the European market is set to grow. Last year, semiconductor sales in Europe rose by 31 per cent against 25 per cent in the US and 13 per cent in Japan-all in local currency terms.

Health minister begins task of selling reforms

By Alan Pike, Social Affairs Correspondent

MR KENNETH CLARKE, Health Secretary, yesterday began the task of selling his proposed National Health Service reforms to doctors, nurses and managers.

He set to work in Birmingham, first stop on a three-day national tour in which he and fellow health ministers are presenting plans, revealed on Tuesday, for the most radical shake-up in the 40-year-old state-run health service.

They are meeting the people in the health authorities, hospitals and family doctors' surgeries who will have to make the plans work.

All health service managers attending the regional briefings are receiving staff commu-nications packs to help them pass the message down the line.

These contain a video version of the plans, transparancies and speakers notes. A booklet in the pack covers questions managers are likely to be asked about the propos-

"Open competition means what it says, and it will be meaningful," begins the model answer with which managers will reassure questioners. Most of Mr Clarke's more sceptical questioners at the

Birmingham meeting yester-day were general practitioners, who face controls on their drugs bills

decide on buying second satellite

By Raymond Snoddy

THE BOARD of SES, the Luxembourg company behind the Astra television satellite is expected to decide at a meeting tomorrow to buy a second completed 16-channel television from GE Astro, the US satellite manufacturer.

if the deal proceeds it will mean that SES will be capable within about 15 months of broadcasting 32 television channels across the UK and most of Western Europe. Because the second satellite

would be placed in the same orbit as Astra, the television satellite successfully launched in December, all channels could be picked up on a single satellite dish receiver. Mr Rupert Murdoch, chief

executive of News Interna-tional, will launch four of his six Sky Television channels on Astra on Sunday. Investors in SES, a private

company, include financial institutions from Luxembourg and West Germany, and three British independent television

companies.
The company, which has already launched Europe's first private television satellite has signed heads of agreement with GE Astro, the former RCA satellite company for a new satellite which could be launched in the middle of 1991. SES has, however, also been

offered an existing television satellite no longer wanted by its American client. It is thought that this could be converted for European use and launched by the middle of next

This would turn Astra in a 32-channel system only a year after British Satellite Broadcasting launches its three - channel satellite service in the UK.

The Luxembourg Govern-ment is keen to launch a back-up satellite for Astra as soon as possible and other investors are keen to consoli-

MR Neil Kinnock, Labour leader, last night sacked Mr Austin Mitchell, a member of Labour's trade and industry team, apparently over his association with Mr Rupert Murdoch's new Sky satellite television channel, writes Charles Hodgson.

A spokesman for the Labour leader declined any clarification, beyond confirmation that the dismissal

had nothing to do with Mr Mitchell's parliamentary performance.

Mr Mitchell said he had been summoned by Mr Kin-nock, told that his agreement to co-host a twice-weekly programme for Sky was "incompatible" with his role as a spokesman and asked to resign. He refused to quit and invited Mr Kinnock to sack him.

pean satellite market. Buying an existing satellite could also have considerable cost advantages.

The extra satellite capacity could be used to broadcast spe-cialist cable television chan-nels from the US and possibly even a public affairs channels

broadcasting Parliament live.
A decision by SES to move
to a 32-channel system within the next 12 months could have implications for BSB's chances of raising its main tranche of

BSB shareholders, which include Bond Corporation, Granada, Pearson, publishers of the Financial Times, and Reed International, are committed to investing £353.5m. Subject to market conditions BSB intends a public flotation this October to raise at least another £400m.

All BSB shareholders had to provide bankers guarantees to the Barclays loan syndicate which is providing BSB's main financing for the time being in

Water charges kept down despite protest

By Richard Evans

THE Government has restricted the average rise in water charges in the financial at what it will see as the preyear from April 1 to single figures, despite industry protests that much higher increases are needed to fund capital investment programmes. Mr Michael Howard, Envi-

ronment Minister responsible for the water industry, yesterday announced rises ranging from 7 per cent to 13.1 per cent, Ministers are preparing a "guillotine" - restricting the parliamentary timetable for dicussing the issue - on the Water Bill now being discussed by a House of Commons select

committee on a tight schedule prior to the privatisation of the industry in November. A timetable motion is expected to be announced in the Commons for debate next Monday. So far only seven clauses of the 170 clause bill have been

debated in a line-by-line

committee stage.

mature restricting of debate on a highly contentious measure. But ministers need to have the hill into the House of Lords by Easter if it is to become law by the planned date in July. The schedule is very tight because of the need to complete flotation of Britain's regional water authorities in November before the even bigger privatisation of the electricity industry starting in spring next year. The price increases, which

will be announced by the authorities individually over the next three weeks, range from 13.1 per cent for South West Water and 13 per cent for Yorkshire to 7 per cent for

Some authorities put in for increases of over 25 per cent claiming the higher charges pean Community regulations.

group, 95 per cent of the population was classified as white.

The Indian, Pakistani/Bangla-deshi and West Indian popula-

tions each accounted for a fur-

The survey says there has

the burglary rate since the early 1970s when the subject

was first included in the sur-

In the latest year, 2.6 per cent of households had experi-

enced one or more burglaries

employers. Mr Jeremy Rowe, board chairman, said two areas of serious concern to employees GENERAL HOUSEHOLD SURVEY

Trend to affluence continues Cambridge in the UK. But as traffic in the region increases, the risk of similar incidents grows, Mr Moran said yesterday. "Growing activity will pose a threat," said Mr Jack Renirie of the but consumption not saturated

comfortable living and greater affluence has progressed unchecked in the Britain of the cause serious harm, as oil takes up to 100 times longer to 1980s, but consumption of many durables appears a long way from saturation point.

The General Household Survey, published yesterday, shows more households own their homes than at the beginning of the decade, living space is becoming less cramped and possession of consumer bles has grown strongly. sion of consumer dura-The proportion of house-holds owning their houses outright has risen from 22 per cent

in 1971 to 25 per cent in 1986. More spectacularly, the propor-tion of owner occupiers with mortgages jumped from 27 per cent to 38 per cent in the same Owner occupation is most

THE TREND towards more but Wales, the south-west and north-west England also rank highly. In contrast, the proportion of households renting from local authorities has fallen from a peak of 34 per cent in 1981 to 26

per cent in 1986.

The survey also shows the average number of people per room in a household has fallen steadily since the mid 1970s. In 1986, the mean average was 0.52 persons per room, while 47 per cent of households had less than 0.5 persons per

The proportion of people living in detatched houses has risen slightly since 1971 but the proportion living in semi-detached and terraced houses has remained more or less constant. There has also been little change in the proportion widespread in the south-east living in flats or maisonettes.

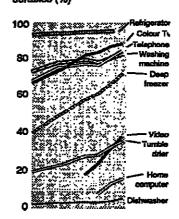
Figures for the number of households owning different sorts of consumer durables provide a guide to the wealth of the personal sector. It shows the most rapid growth in the 1980s has been in the propor-tion having colour televisions, deep freezers and, more recently, videos. With the exception of refrig-

erators and possibly colour televisions, there appears no sign of penetration among households reaching a plateau. The proportion of house-holds with central heading reached 71 per cent in 1986

 up from 55 per cent in 1979,
 and 37 per cent in 1972. The proportion of households without either a car or

van has fallen from 43 per cent in 1979 to 37 per cent in 1986. However, the proportion

Households in GB Proportions with consumer durables (%)



General Household Survey.

with two cars or vans has risen only slightly, to 16 per cent in 1986. The proportion owning three or more was 3 per cent in

1979 81 83 85

Smoking declines but more report long-term illness the spread of private medical

BRITONS are less likely to third in the same perismoke than at the beginning od – from 20 per cent to 32 moke than at the beginning amokers continued to fall in 1986, to 35 per cent of men and 31 per cent of women. That

per cent among men and from 21 per cent to 34 per cent among women. It is not clear if this reflects an actual increase in chronic

sickness. People's opinions about their health could have been affected by changes in expectations and perceptions of what good health is. The proportion of people who had consulted a National

tioner in the 14 days before the interview was slightly higher in 1986 than in 1972. The rise was greater among women than men. The survey shows medical

mainly by the NHS in 1986. Only 4 per cent of out-patient attendances and 7 per cent of in-patient stays by people aged 16 or more were paid for privately - marginally more than in 1982.

insurance. The proportion covered rose from 7 per cent in 1982 to 8 per cent in 1988. Those most likely to be insured were aged 45 to 64.

cent covered. past 20 years. It also little regional variation.

households, covering popula-tion, health, education, housing, employment and leisure trends. It is based on inter-views with 10,000 households.

iting couples in Britain.

compared with 11 per cent in

Households getting smaller but fitter

ther 1 per cent.

By Ratph Atkins, Economics Staff Broken down by ethnic

THE TYPICAL British household is getting smaller and less attracted to marriage but is taking more exercise. according to the survey. Despite households' increasing affluence, the number of burglaries has remained constant in the last two decades. However, more burglaries

are being reported to the police, the survey shows.

The size of households continued to fall in 1986 - the latest year covered by the survey. The average size was 2.55 persons compared with 2.91 in

In the same period, the proportion of one-person households increased from 17 per cent of the total to 25 per cent. Households with six or more declined from 6 per cent to 2

The survey provides a com-prehensive snapshot of British

In 1986, 4 per cent of men and women aged between 16 and 59 were living with someone to whom they were not legally married, suggesting there were about 650,000 cohab-

Out of the women who were interviewed, 17 per cent in the 18 to 49 age group and not married were cohabiting in 1986,

within the last 12 months and there were 30 burglaries for every 1,000 households. The percentage of burglaries reported to the police, however, rose from 76 per cent in 1972 to 87 per cent in 1986. There was also an increase in

the proportion of burglaries in

which insured goods were sto-

The results show that in 1986, 46 per cent of adults had taken part in at least one physical activity in the four weeks before the interview - up from 42 per cent in 1980.

The most popular activity was walking, with 19 per cent of adults having been for a walk of at least two miles during the four weeks before the interview.

In the league table of top ten activities, outdoor activities, including jogging, entered for the first time while squash

accounted for 56.4 per cent and serves as insurance against capital goods for 25.9 per cent. copper's fluctuations.

While the growth of copper The fund becomes opera-earnings outpaced every other tional when the price of copper product at 52.9 per cent over exceeds by five cents the 1987, exports of industrial benchmark price assigned at goods grows 26.5 non-cent to the cents of the cents at the cents of the cents of

CHILE'S exports topped \$7hn to \$930m. last year, 35 per cent higher The copper windfall has than in 1987. According to a report this, spend the money. A number of week from the central bank, economists, both favouring and the final figure on export earn-opposing the Government, ings includes a bonanza of have warned that the Chilean \$3.6bn from high copper prices. Treasury is flush in only a The central bank said the transitory fashion. The extra country's 1988 commercial believe money earned from copper ance rose to a healthy \$2.25n, should thus not be channelled up from \$1.25n the previous to permanent expenditure.

High copper prices boost

Chilean export earnings

Some argue that the excess imports last year registered copper earnings should be \$4.8bn in which intermediate entirely added to Chile's Cop-goods, including fuel, per Stabilisation Fund, which

goods grew 26.6 per cent to the start of the year. Last year \$2.200, other mineral exports the benchmark price was 83.6 rose 17.8 per cent to \$213m and cents, but the annual average agricultural and fishery copper price run to \$1.18, the exports expanded 16.8 per cent highest for eight years.

of the 1970s and appear more prone to reporting long stand-ing illnesses, the survey shows, writes Ralph Atkins. The proportion of cigarette

compared with 52 per cent and er cent in 1972. However, the proportion reporting long-standing illnesses rose by more than a

Health Service general practi-

treatment was provided

It also shows little change in

The over-75s were least likely to be insured with just 3 per

The survey shows the gap between the proportion of male and female cigarette smokers has narrowed in the st 20 years. It also shows

M&A in a European perspective.

A selection of 12 Mergers and Acquisitions among the 65 transactions completed by Paribas in 1988.

january 1988

ORKEM SA

(formely CdF Chimie SA)
has sold its subsidiary

LORILLEUX INTERNATIONAL SA

COATES BROTHERS plc

in exchange for shares and made a partial offer to increase its shareholding in Coates Brothers plc from 33 to 40 percent



Banque Paribas Capital Markets (London) and Banque Paribas (Paris) acted as financial advisers to Orkem SA and arranged the completion of these transactions.

June 1988

AKZO (Netherlands)

KALI-CHEMIE (Germany)

through a public offer acquired 95% of the shares of

EUROPÉENNE DE SOUFRES INDUSTRIELS (E.S.I.)



Paribas acted as financial adviser to the Compagnie Chambon, a 48% shareholder in E.S.I., in this transaction.

December 1988

JAMES RIVER Corporation (U.S.)

and

KAYSERSBERG (France)

have acquired a 50% shareholding in

IPEK KAGIT (Turkey)



Paribas initiated the transaction and assisted James River and Kaysersberg in the negotiations.

April 1988

MATRA COMMUNICATION SA

has acquired

Deutsche Fernsprecher Gesellschaft



Paribas arranged the acquisition and acted as financial adviser to Matra Communication during the negotiations.

February 1988

BORAX FRANÇAIS a subsidiary of

through a public offer has acquired 91% of the shares of

R.T.Z. Corporation pic

TALCS DE LUZENAC



Paribas initiated the transaction and assisted R.T.Z. in the negotiations.

February 1988

AIR PRODUCTS AND CHEMICALS INC.

has acquired

LA MANUFACTURE ALSACIENNE DES TABACS

and

OXYGÈNE LIQUIDE DE STRASBOURG



Paribas acted as financial adviser to the Air Products group and arranged the completion of these transactions.

April 1988

CAP GROUP plc

has merged with

SEMA-METRA

to create

SEMA GROUP



Paribas acted as financial adviser to Sema-Metra during the negotiations.

September 1988

SCHNEIDER SA

through a public offer has acquired

TÉLÉMÉCANIQUE SA



Paribas acted as adviser to the Schneider Group and arranged the completion of the transaction.

i legr

Pance

March 1988

GRANADA Group pic

has acquired a 76% interest in

KAPY SA (Spain)



Paribas acted as financial adviser to the shareholders of Kapy in this transaction.

May 1988

RÉMY & ASSOCIÉS

through its subsidiary
Gestion Mobilière
has sold its controlling interest in
ÉTABLISSEMENTS NICOLAS

to

CASTEL FRÈRES



Paribas acted as financial adviser to the Rémy & Associés Group in this transaction.

October 1988

TRENPORT PROPERTIES Limited

acquisition of property portfolio

BOND CORPORATION
HOLDINGS Limited

from .

П

Banque Paribas (London) acted as financial adviser on this transaction.

November 1988

has sold its subsidiary

ESSELTE-WELL

TAMPELLA (Finland)



Paribas arranged the sale and acted as financial adviser to Esselte during the negotiations.

Paribas is helping European industry to prepare for 1992.

PARIBAS R

3, rue d'Antin, 75002 Paris.

UK NEWS

Lawson budget 'to make tax cuts worth £3bn'

By Simon Holberton, Economics Staff

PERSONAL income tax cuts worth up to £8hn and a public sector debt repayment of some £14bn will be the main features of the Chancellor of the Exchequer's budget on March 14, say the Institute for Fiscal Studies and Goldman Sachs, the US

The IFS, which prepared its The IFS, which prepared its annual Green Budget preview that a run on the pound is by of Mr Nigel Lawson's fiscal no means impossible—it happoptions in association with goldman Sachs, says the Chancellor's scope for tax cuts is "distinctly limited" by the controllable by high interest rates", it says.

"The lesson of the 1906 is that a run on the pound is by no means impossible—it happened in 1965—but that it may be controllable by high interest rates", it says.

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"The lesson of the 1906 is

tight budget.

Mr Lawson "will have to use all his celebrated ingenuity in order to produce a package which is not just a little dull,"

they told representatives of they told representatives of London's financial community

yesterday.
On taxation, they see little scope for the Chancellor to cut corporation tax, value added tax, national insurance contributions or capital taxes. He may, however, reduce the tax breaks associated with com-

CHISA

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Maria Comment

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17 20 18 Th

pany cars.

They said the Chancellor will probably remit £1.5bn to taxpayers by raising the threshold at which income becomes liable to tax. If by early March it is clear that the economy has begun to cool rapidly, then Mr Lawson might also reduce the basic rate of income tax by 1p to a rate of targets, something which the 24p in the pound. These measures would cost about 23bn. targets, something which the 1FS and Goldman Sachs take as a possible sign of their re-

The Chancellor is not constrained, however, by finance - the IFS estimates that before tax cuts Mr Lawson will have some £17im available for distribution - but by the state of

it says a prime policy objec-tive is to keep the confidence of financial markets in govern-ment policy and to forestall the possibility of an inflationary devaluation of sterling. Policy also need to be kept right to bear down on domestic sources of inflation as well.

"The lesson of the 1980s is

to supply it. A cut in interest rates may reignite consumer spending and undermine the

pound's value.
"To minimise the risk of 'stagilation' there is many be said for cutting taxes both to sustain demand and to pre-'stagilation' there is much to to sustain command and in the serve international confidence in the British supply-side miracle, while keeping up interest rates so that a strong exchange rate continues to exert downward pressure on wages," they

They add that the Government may re-introduce targets for broad money supply growth in the 1989-90 version of its medium-term financial strategy. The recent tightening in monetary policy has been but-tressed by official affirmation of the importance of monetary emergence in the forthcoming budget.

Options for 1989: The Green Budget, IFS, 180 Tottenham Court Road, London WIP 9LE, price: £6, non-members; £3 mem-bers.

High mortgage rates 'may cut housing output by a fifth'

By Andrew Taylor, Construction Correspondent

HIGH mortgage interest rates could leave private housing output down by a fifth in the next two years, the chairman of one of British's biggest bullding metals by biggest interest rates of this year," said Sir Colin.

Speaking at a building conference organised by Swiss Bank Corporation Stockbroking, formerly Savory Millin, he building material companies warned yesterday. Sir Colin Corness, chairman

of Redland, said a study of interest rate movements in the past 20 years showed that a rise of 1 percentage point in mortgage rates generally resulted in a 6 per cent to 7 per cent decline in private housing

output.
"If this relationship holds during 1989 and 1990 then new private housing output is likely to fall by 15 per cent to 20 per cent, even assuming interest rates fall by 1 per cent to 2 per cent towards the end

ing, formerly Savory Milln, he said that higher interest rates would have a knock-on effect on other areas of construction. We do have to reckon that if interest rates remain high,

recent great strength in the construction industry in the UK will not be sustained. "We can see private housing is almost immediately effected by interest rate movements. I believe that those same interest rate movements will gradu-

as they seem likely to do, the

ally affect the other sectors as well." Nonetheless, he said, 1989 was likely to be another good

year for British construction. The decline in private housing would be more than offset by continued real growth in the other sectors not be immediately susceptible to higher interest rates.

Sir Colin said building material manufacturers best placed to withstand a downturn would be those with least exposure to new housing and greatest exposure to repair mainte-nance and improvement work.

Ageing buildings and Britain's need to repair and maintain roads and other infrastructure would ensure higher workloads. Repair mainte-nance and improvement accounted for 45 per cent of all construction output compared with 30 per cent in 1976.

City claims UK's dearest office block

By Paul Cheeseright, Property Correspondent

of London yesterday became the most expensive in the UK when Sun Alliance Insurance agreed to pay a rent of £70 a square foot for 105,000 square

feet of space.
The freeholder of Leadenhall Court, in Leadenhall Street on the east side of the City and once the site of the London

London Corporation. But the ground lease is held by Legal & General Property, which devel-oped the new building.

The agreement between Legal & General and Sun Alliance comes at a time when property industry analysts are predicting that rents in the City, after two years of explo-

AN OFFICE block in the City Metal Exchange, is the City of sive growth, are likely to flatten out. Greater amounts of space are becoming available in and around the City as more

developments are completed. But the leasing of Leadenhall Court suggests that there remains a firm demand for buildings in the City centre. The building will be completed at the end of the month.

BSB sets up | Satellite television case study of press reporting

BRITISH Satellite Broadcasting has commissioned a study from the European Institute for the Media into the coverage of satellite television issues in Mr Rupert Murdoch's five

national newspapers.

BSB, the satellite consortium which plans to launch three new channels of television in September, has been complain-ing about what it sees as partisan coverage by News Interna-tional which will launch four channels of satellite television on Sunday through its Sky

Television subsidiary.

Prof George Weddell, head of the institute which is part of Manchester University, has written to Mr Murdoch to seek his co-operation.

The European Institute has for some time been planning an academic programme on concentration of power in the media in the UK, France and West Germany.

Newspaper coverage of the development of satellite television will be the first case study

in the programme. Prof Weddell said yesterday that the study would be completely independent and look at the coverage of all national newspapers over the past year.

forecast for up to 2.2m homes by 1991

By Raymond Snoddy

BETWEEN 1.6m and 2.2m homes in the UK will be receiving satellite television by the end of 1991 Logica, the computer software and consultancy group, suggested yester-

At least 45 per cent of that total would have their own domestic satellite receiving equipment and the rest would either receive their satellite channels via cable television networks or use a communal reception system.

reception system.

The projections in a Logica report come three days before Mr Rupert Murdoch, chief executive of News International, launches the first four of his planned six channels of Sky Television. The figures announced by

Mr Anthony d'Abreu of Logica would not appear to suggest an the short term, for either Mr Murdoch or his satellite rival, British Satellite Broadcasting,

which launches in September. Mr Murdoch's most optimistic assumptions envisage 2.5m homes in the first 12 months, although he has guaranteed advertisers a minimum of 1.15m. BSB is looking for something like 400,000 homes by the end of this year.

Logica forsees cumulative totals of satellite receivers of between 80,000 and 170,000 by mid-1939, between 235,000 and 468,000 by the middle of 1990 and between 6m and 8.5m by 1996. "These are highly opti-mistic forecasts," Mr d'Abreu

said yesterday. Logica did not carry out any original research on consumer intentions for its report. It arrived at its figures by tracking the rate at which consumers bought video recorders and modifying the figures to allow for differences between the two products such as the lower initial price of satellite receivers. "We are quite confident

about these figures," said Mr d'Abreu who emphasised, however, that they were not precise forecasts because there were so many variables such as the programmes plans of the satellite operators.

Logica estimates that across Europe there are now at least 105,000 satellite receivers already installed, a number that will rise to 950,000 by the end of 1990.

Satellite Television Receivers -The European Market; Price: £695, from Logica, 64 Newman

Court orders quick trial of GEC dispute

By Raymond Hughes, Law Courts Correspondent

yesterday ordered a speedy ufacturing capacity, trial of the dispute between GPT is valued at about General Electric Company and fl.Stm. Plessey's half interest Plessey over their jointly- is its most valuable single. owned telecommunications asset.

subsidiary GPT. GEC is challenging the validity of a buy out notice served last month by Plessey alleging breach of the agreement under

The case is likely to be heard within the next six weeks.

Mr Jonathan Sumption, counsel for GEC, told Mr Justice Warner that the case was urgent because it was "commercially an alarming and unfortunate state of affairs" that there was uncertainty about the ownership of what was almost the whole of the

The HIGH Court in London UK's telecommunications man-

Mr Sumption said Plessey, contended that the £1.7bn offer made for it jointly by GEC and Siemens, of West Germany – now being considered by the which they set up GPT last Monopolles and Mergers Commission - triggered an option provision entitling Plessey

compulsorily to buy GRC's 50 percent interest in GPT.

Plessey asserted that GEC and Siemens' agreement about the reorganisation of Plessey's business - if their takeover succeeded - constituted a "rel-evant event" triggering the option provision in GPT's elaborate shareholders' agreement.

NYONE LOOKING TO FUND AN ACQUISITION SHOULD SEEK OUT OUR COMPANY FIRST **INVESTORS IN INDUSTRY**

Poor year for air, marine insurance underwriters

LONDON marine and aviation insurance underwriters had one of their worst years in 1988, according to the institute of London Underwriters.

Mr John Parton, chairman of the institute, which represents the marine and aviation business of 115 insurance compa nies in the London market, said that underwriters had seen a constant lowering of premium rates at a time of

unparalleled losses. He pointed out that underwriters had experienced a suc-cession of claims during the year, dominated by the Piper Alpha North Sea oil platform disaster.

The potential cost of Piper Alpha is put at \$1.4bn - the largest ever single claim on the energy insurance account.
About 80 per cent of this cost
will ultimately be met by the
London market.

Last year would have been had for the industry even with-out the Piper Alpha disaster. On the other side of the accounts, Mr Parton said that remium income had remained static during 1988 for marine business and was down on the previous year for aviation business - the result of rate cutting arising from intense com-

etition and overcapacity in

the world insurance markets. As a result, he doubted

whether underwriters were, at best, doing anything more than breaking even on their marine

The picture was as gloomy in the aviation insurance accounts of the institute members. Last year 24 Western-built jet airliners were lost, colminating in the December Pan American 747 disaster at Lockerbie in Scotland, representing a total value of \$271m. This compares with 20 aircraft lost in 1987 at a value of \$258m.

Underwriters are so far unable to secure adequate rate increases in the wake of the Piper Alpha disaster.

Overseas insurance markets have not been drastically hit by Piper Alpha and are thus not subject to the same pressure to increas

Indeed, Mr Parton warned that these overseas markets were looking for opportunities to expand their share of the world marine and aviation market of the expense of the market at the expense of the London market.

However, catastrophe rein-surance rates had been increased by as much as three or four times after Piper Alpha. Mr Parton felt that the crunch would come for many underwriters when they renewed their reinsurance in the late spring.

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adopted the colour in its corporate logo 65 years ago, is making increasing use of it in the group's new corporate identity unveiled this week. A new logo for use throughout the group's worldwide operations will show italicised gold initials set in the gold outline of a shield on a green backeround.

BP's original use of green owed nothing to conservation. Two senior executives decided to change the company colours from red and black to green and yellow during a good lunch at a restaurant near Paris in 1923. The colours were more in harmony with

their post-luncheon mood.

But BP can claim to have become environmentally conscious at an early date. In Britain, BP advertisements in 1927 urged motorists to buy their petrol from the company's newly-painted

green pumps "that preserve the beauties of our countryside."

BP today sponsors a host of environmental organisations and causes. It was awarded the gold medal of the US-based World Environment Centre last year. It is currently involved in projects ranging from bird sanctu-aries and an atlas of the world's rain forests to scientific investigations into

ozone depletion.

The highlighting of green — not used by any of BP's competitors — in its corporate identity is meant to signal a continuing commitment to the

Ray Knowland, chief executive officer of BP Chemicals, says it is "an expression of the constructive role we must play in environmental protec-tion." Russell Seal, managing director and chief executive of BP Oil, adds: "If you are green, you have to deliver environmentally, too."

Rolf Stomberg, chairman of BP Ger-

"B.P." MOTOR SPIRIT 1959-1988 MOTOR SPIR 1921-1922 1922-1931 1989

BP's green evolution shield for the environment

Philip Rawstorne explains the UK resources group's revamped identity

Germany has already attracted "positive responses" of goodwill.

But the identity change - which

will be applied to everything from BP's tankers and 22,000 petrol stations to its stationery — is meant to signal much more than BP's environmental The new image follows a £1m, year-

long study by BP and its designers, Siegel & Gale and Addison Design, into the nature of the group and public perceptions of it.

many, reports that the emphasis on green in two trial station sites in West

"Our image," says David Walton, BP's head of government and public

affairs, "is a major commercial and political asset. Like any asset, it has to be managed and looked after." BP's current branding — gold initials in a green shield — has been in use for 30 years. The new look — which is being incorporated over the next two or three years by accelerating the normal refurbishment pro-

virtually all its shareholding and the group has acquired Britoil, the oil production company. The acquisition of Standard Oil, renamed BP America, means that half of the group's assets are in the US. With the projected sale of EP Minerale the group's scene to of BP Minerals, the group is seen to be concentrating on its core busi-nesses of oil, gas and chemicals.

Management structures have been changed; more power has been devolved down the line to enable the gramme at a cost of around £100m is a response to fundamental changes in the group over the past few years. Today. BP has a stronger and more competitive international presence than ever before.

group to be "more nimble in its

response, more active in its deci-

In Britain, the Government has sold

sions," says Walton.

Against the background of these changes, BP's research — carried out in the US, Germany, Australia, and Singapore, as well as the UK — confirmed that a fresh style was needed, but one that retained the familiar shield, first used in 1920 as a symbol of solidity and protection.

The research showed that although

The research showed that, although the old logo was still seen as a sign of reassurance and quality, it was also giving the impression of a company that was static and slightly old-fash-

The new corporate identity is intended to promote a more dynamic, go-getting, innovative but socially responsible image, to give cohesion to the group's international operations, and to motivate employees at every

A revision of company naming policy to bring more clarity to BP's inter-national operations is an important part of the rebranding exercise. Short business names will be used interna-tionally for all commercial activities, stressing the thrust of the main busi-ness - BP Exploration, BP Chemi-

At the corporate level, the group's head office will continue to work with the name BP International, and associates will use names like RP Austra-lia for their own national activities.

At the retail level, the layout and equipment of petrol stations have been redesigned to improve access and service for motorists. In the US, where some 8,000 petrol stations will get the new look, the changes represent "one of the most important marketing moves we have undertaken," says John G McDonald, vice-president, BP America. "We will be replac-ing several major, well-known brands, with one that ... in some areas is not known at all."

Corporate advertising will be used throughout the world to support what BP chairman, Sir Peter Walters, describes as "a public face to meet the challenges of the 1990s."

How Gateway plans to keep customers within the fold

The UK supermarket chain is giving away cars. Maggie Urry reports

Bingo has arrived in Britain's supermarkets. In a move reminiscent of tabloid newspaper circulation wars, Gateway, the 830-store food retail chain, has launched an £8m "Gateway Getaway" competition. It includes a free draw for a car daily for 56 days, further wizes – donated days, further prizes — donated by some of Gateway's suppliers such as Mars and Unilever for winners of a picture bingo game, and money-off vouchers. So far Gateway's rivals seem to have no plans to respond in kind. Safeway's is typical of the competition's attitude in saying, "we can see no immedi-ate use for this type of promotion as our main objective is that the Safeway realised shop-

ping experience (slc) is the best in the high street." I Sainsbury believes its customers prefer to be able to get round its stores without too much hassle and be sure of getting good value for money – it points out that it never gave Green Shield stamps, for example. Tesco too has no immediate plans to alter its marketing methods.

However, with the top five food retailers now slogging it out with each other, having won market share in the past from the weaker small chains and independents, this may be the first sign of a more aggres-sive fight between them. None of them wants to indulge in a straight price war — which they acknowledge would bene-fit none of them in the long run. Other chains' buyers will not

miss the point that suppliers are putting up some of the cash for the competition, which is a standard practice. While they might not specifically demand lower prices to match the contribution to Gateway it will all become part of the cut and thrust of getting the best possible terms from the big suppliers which sell to all the food retail chains. An alternative marketing strategy might be to hint to customers that they are the ones who uitimately pay for competitions and perhaps prices will be lower in shops that do not run such promotions.

* CONGRATULATIONS -YOU'VE WON YOUR SHOPPING TROLLEY



some of its particular problems and may be the right sort of thing to appeal to its custom-ers. Bob Willett; Gateway's marketing director, admits that though the group welcomes 10m shoppers through its doors each week, they are a

pretty promiscious bunch.
Their "expendithire loyalty"
is low, he says, explaining that
core Gateway customers spend only 60 per cent of their gro-cery money in Gateway shops, the rest going elsewhere. That figure is much higher in other chains. Also the average transaction value is low at 27.50p compared with over 210 for

many of the other groups.

As well as bringing some fun
to the dull January to Raster trading period, the competition is designed to get customers to come more often and spend more when they do. In order to enter the dally draws shoppers must put their name and address in a box in a store each day. Once inside they might just buy something too.

More important, to play pic-ture bingo customers have to spend over £10 in the store. For every £10 spent the shoppers get four pictures to match up on their bingo card and a mon-ey-off voucher – the latter justifying an "everyone wins"

Once the shoppers are in the store and spending £10, Willett hopes to convert them into more loyal customers. The aim of the competition is to per-

Why people-watching is essential for product development

Should managers spend more of their time hang-ing around supermarket

The people from Honda did. They looked at the way shoppers loaded their boots and used these observations to redesign the Honda Civic

Bruce Thompson of management consultants Arthur D. Little argues that such customer watching should precede any decision to launch a new product.

Another example is that of Philips shavers. Philips recruit people off the street to take part in their analysis of customer needs. Developers rors, shaving techniques and sels.

computer - not only with one

another but also with other professionals. It will allow

manufacturing and production

staff to influence designs at an

early stage, to ensure that new

products are as simple and

cheap to manufacture as possi-ble. And marketing experts

will have a say too, so that the products have the greatest possible sales appeal.

The EDRC is one of five

interdisciplinary centres being set up by the UK's Science and

private resources.
Information will be

specific methods of operation to help in the design process," Thompson says.

"Customer watching is not only applicable to consumer goods. I was recently involved designed to analyse the requirements of users of light requirements of users of right construction power tools. An evening with builders, plumb-ers and electricians certainly concentrated the mind as to real customer needs."

Thompson, along with some of his colleagues, has been spreading his message at a series of Arthur D. Little conferences on how to manage product creation. The conference has so far taken place in

His main message is that "product creation should be rooted in a deep understanding of the customer." Few would disagree with that. There are, however, various obstacles which lie in the way of discovering what the customer really wants.

First, he says, customers tend to want different things. "So the temptation for man-agement is to ignore the diversity of demands and needs and develop compromise, middle-of-the-road products."
The second dilemma is that customers often do not know what they want. "How can we find out what customers might buy when we are dealing with example of this is the telefax ket research.

machine. How many of us can honestly say that we recognised its potential when the concept was first introduced?"
A third difficulty is that customers do not always buy what they think they want or what market research said

they wanted.
The fourth complication is that customers change. They keep upgrading their expecta-tions as their needs evolve over time. The UK machine tool and motor cycle indus-tries suffered from not responding to these changing needs," Thompson says. Faced with these difficulties,

many companies prefer to trust their instincts and to

Another temptation is "to rely on the distribution network as a source of information on customer requirements. The dangers here are that this cuts you off from direct contact with the cus-

tomer," Thompson says.

Apart from observing customer behaviour and forming user groups, companies can achieve a lot by using sophisti-cated mock-ups to test cus-tomer reaction, he says. In developing the Renault 19, the company's "styling depart-ment worked hand-in-hand with market research to test customers' reactions to the concept as it evolved. Two completely different shapes in parallel and tested one

tiple-panel testing exercises." At the end of the conferences, managers were asked to complete a questionnaire aimed at finding out what their companies are doing to discover what customers want. At the three conferences held so far, as many as two-thirds admitted that their companies did not formally attempt to evaluate customer needs or did so only occasionally.

against the other until one

emerged as the winner in mul-

And when companies did make such attempts, they tended to make use of those approaches which did not involve direct contact with the

Michael Skapinker | ningly tailored to try to redress | give Gateway a chance.

TECHNOLOGY

Tive universities and A network for colleges in Scotland are joining forces to set up an international centre for design research. bringing The Engineering Design Research Centre (EDRC) has just spent £500,000 on its first 20 high-performance scientific workstations - described as radical ideas "personal supercomputers" by their manufacturer, Apollo. The centre's director, Bernard Capaldi, started work this month with a pledge to "shake up engineering design and bring as many radical new ideas to the field as possible." The thinking behind the EDRC is that UK industry has to engineering Clive Cookson reports on a suffered because its designers work too much in isolation. It will provide a model for design teams to exchange informa-tion, ideas and graphics by

centre of excellence for design research just set up in Scotland

designed in the US and manufactured in Livingston, Scotland. Righ-speed Megastream data links will connect work-stations in the EDRC head-quarters at Glasgow University and in the other four institu-tions: Strathclyde and Heriot-Watt universities, Napier Poly-technic and Paisley College of Tachnology

Engineering Research Council Technology. (SERC) to concentrate research Fundamental research into in certain key areas of science ways of speeding up the design and technology in national "centres of excellence". A process and improving its quality, by making use of distrib-uted computing, will be a main aim of the EDRC. At the same £6.4m SERC grant and support from the University Grants Committee and other sources time the researchers will be will bring total public funding for the EDRC to about £10m working on specific projects with industrial partners. The centre is prepared to over five years; in addition, industrial partners are expected to contribute substantial tackle almost any sort of design work that might benefit

from a powerful computer network. But Bob Murray, of Glas-

exchanged over a distributed computer network, based on Apollo's DN10000 workstations gow University's mechanical engineering department, says that two particular areas of interest are likely to be consumer products and large industrial systems. "There are many generic

similarities in what may seem to be very different design activities," says Bernard Capaldi. "We are looking to identify and explore those similarities." Partnership negotiations are

already under way with three companies and Capaldi hopes quickly to build up an exten-sive network of industrial col-"I'd like to see saleable prod-

ucts coming out of these research programmes in the near future," he says. "But it's important that we don't get involved in 'fighting fires' for companies and that we concentrate on strategic research." Capaldi combines an engi-



Brian Scott, of Glasgow University, with an Apollo workstation

neering background with extensive experience as an industrial consultant – most recently as manufacturing and product design manager at PE Inducon. He says that industry still makes only "minimal" use of distributed computing for

design.
"Designers tend to work in isolation with out-of-date tools," Capaldi says. "Most design engineers say that they are not isolated - after all they talk to the tea lady every

day - but in reality they are."

"This is not just another academic exercise," says Professor Brian Scott, of Glasgow University, who was responsible for planning the EDRC. "We're business oriented with a strong emphasis on enabling technologies. Our disciplines embrace services and finance as well as industry and design, and our industry and design, and our intention is to make a very positive contribution to the industrial renaissance now

Computer power in the field

DISTRIBUTED computer networks are one of the fastest growing fields of computing, particularly for scientific

and engineering applications.

The essence of distributed computing is that all the workstations are powerful processors in their own right. They use a network, such as Ethernet, to exchange data and share facilities such as disk storage — and in some distrib-uted systems the workstations can make use of spare computing power on their sister machines. This is the converse of the traditional approach, in which terminals with little or no independent processing power are attached

to a mainframe computer. The Science and Engineering Research Council (SERC) is spending film a year on a "computational science initiative" to provide high-performance. mance distributed computing for university scientists. Each grant is typically in the region of £100,000 and

provides a small network of top-of-the-range workstations.

Martyn Guest of the SERC's Daresbury Laboratory, who is co-ordinator of the computational science initiative, says that local distributed computing resources are essential for some scientific purposes, such as high-speed graphics for molecular modelling. Scientists could not do this sort of work efficiently on terminals linked to a supercomputer on a remote site, because the communications links would slow up the flow of data.

Several UK universities are building up large distributed networks for edu-cational and research purposes. Indeed Manchester University has three separate systems: the computer science department has 120 Sun workstations. of which 30 are used mainly for under-graduate teaching and 40 for research; there are about 25 Apollo workstations for computer-aided design (Cad); and 75 Hewlett-Packard workstations will be installed over the next two months. The latter will be part of a campus-wide network which will have clusters of about 10 workstations in the main academic departments.

Professor Frank Summer, director of Manchester's regional computer centre, says distributed computing gives researchers in different departments an important psychological stimulus to work together. "It makes collaboration to work together companions because your so much more convenient because you see someone else's data and graphics instantly," he says. "When you have to walk 20 minutes to the other side of the campus to look at someone's work, you often don't bother."

Leicester Polytechnic has made perhaps the boldest step towards distrib-uted computing of any educational institution in the UK. "We got rid of

our mainframe two years ago and we now rely entirely on a network of Apollo workstations," says Professor Peter Thewils. "Any student can sit down at any terminal on this system and get a stunning performance as if it were a mainframe."

under way."

The polytechnic has more than 100 workstations, which are used not only for teaching and research but also for administrative tasks which would normally heavy to be considered to the constant of the constan mally be carried out on a conventional mainframe or minicomputer. "For example, we use the system to work out all the timetables for an institution with 7,500 students and 500 staff."

Professor Thewlis says that the poly-technic saved more than £500,000 a year in leasing and maintenance costs by getting rid of its Burroughs main-frame — enough to pay for the Apollo network. And, he adds, "we have turned the room that used to house the mainframe into a new lecture theatre."

Steering attitudes towards production friendly design

Anna Kochan puts the case for 'simultaneous engineering'

manufacturing equipment because of a failure to combine design work with production planning. Recently, two Euro-pean companies incurred unex-pectedly high bills when production difficulties necessitated design modifica-tions. These problems can be avoided through "simultaneous

engineering". No one seems to know when and where this term originated, but the Japanese con-cept is starting to be adopted on a large scale by automotive

manufacturers.

Aimed at slashing lead times for new models, improving quality and reducing manufac-turing costs, simultaneous engineering requires radical changes in the way automotive companies and their suppliers operate. It means that product design must be carried out in parallel with working out what processes will be involved and what equipment will be needed for manufacture.

Ford Motor Company has been the principal proponent of the techniques outside Japan. But most of the other car companies, including Austin Rover of the UK and General Motors of the US, are pushing for the simultaneous approach.

simultaneous approach.

Historically, car companies have practised serial engineering. That is, the detailed design of a new model is produced first. Then the manufacturing process is planned and finally the manufacturing equipment is designed and built. Each activity is undertaken by different professionals in different departments. departments.
The design of the compo

neuts or sub-assemblies which will be bought in are presented to the subcontractors only after the design is finalised.

after the design is finalised.
Discussions with equipment suppliers for the parts to be made in-house are also not initiated until this stage.
This mode of operating can have disastrous results because designs are unlikely to be "production friendly". Not being fully aware of the intricacies of manufacturing processes and materials, the design team tends to create a design team tends to create a vehicle of high performance on paper, but not necessarily one that can be manufactured at a realistic price, if at all. By the time the manufactur-

ar companies are paying engineers identify problems which we have not lems with the design, it is usutapped in the past," says Strathan they should for ally too late to introduce chan. revisions without incurring great expense; and there is a cascading effect in that a small

revision to one component affects many others. The alteraffects many others. The atternative is to compromise on efficiency and quality.

Bernard Roach, European sales manager at Lamb Technicon UK, an equipment supplier owned by Litton Industrial Automation of the US, cites an example where one tiny problem in design had serious consenuences in manufacture. The sequences in manufacture. The designers specified the use of a bolt in the body design which

the manufacturing engineers later discovered was of a non-standard length.

The production volumes were not high enough, how-ever, to justify having the bolt made specially, so a compro-mise was made and the stan-dard length bolt was used. This meant that the end of the bolt protruded from the surfaces if protruded from the surfaces it

the manufacturing engineers

was fastening instead of being flush with them.

The result of this decision was corrosion which led to bolt was corresion which led to four failure and the engineers had to find a way of capping the protruding end of the bolt to prevent this. Eventually a solu-tion was found, but it was not the ordinal one

the optimal one.
With simultaneous engineerwith simultaneous engineering, manufacturing engineers would have advised the designers would have problem at an early stage and a simple modification could have been made. The outcome would have been a better quality product and an avoidance of the later expense and delays.

and delays.

Ian Strachan, business affairs manager at Austin Rover, draws a sports analogy hover, draws a sports analogy between serial and simulta-neous engineering. Instead of acting like a team in a relay race, he says, the car company and its suppliers must inter-re-late like a rugby team. Each player should be moving for-ward in a co-ordinated manner with all the others. Product design and manufacturing prodesign and manufacturing pro-cess should evolve together towards a harmonious conclu-

This means that suppliers of or components must be brought into a project at the earliest possible stage in the design process. "Suppliers have a wealth of specialist

It must, however, be accepted that the additional "consultancy" services which suppliers provide when participating in a simultaneous enginearing project have the effect of increasing the cost of the contract.

Another change in commercial attitude is required as far as the bid process is concerned. Because of the close working relationship that the customer needs to maintain with the supplier, the tender procedure becomes much less competi-tive. Austin Rover has chosen to work with "preferred" sup-pliers, which it assures of long-term business provided that standards are maintained.

Strachan says.

However, Roach reports that
this has led to some antipathy
towards simultaneous engineering from commercial departments because they are accustomed to using competition to beat down the price. This, he says, is the main reason why some car companies are still not using simultaneous methods, even when engineering personnel are in engineering personnel are in favour of them.

Austin Rover's K Series engine is its largest project to use the methodology. When the R3 vehicle is released on to the market in the autumn, its lead time from concept to mar-ket will have been less than

four years. This, says Strachan, compares with a usual lead time of about five years. He expects further decreases.

An important part of the strategy is to bridge the historical communications barrier between design, process planning and manufacturing

ning and manufacturing departments.

Austin Rover has set up vehicle directorates in which teams of telented all-rounders oversee a vehicle from conception to the end of its production life. People of the right calibre for this responsibility are hard to find and the company develops their potential by sending them to Warwick University for training.

In Japan, where the concept of simultaneous engineering originated, the methodology is

originated, the methodology is applied way beyond the motor industry. After all, it is just as relevant to cameras and wash-

plans ners MALLE HAR BOARD TO SERVICE THE SECOND SERVICE OF THE SECOND SECON

rds

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Insanity romps through tales of machismo

n Hollywood the duty of every virile police hero is to look at the camera, smile smoulderingly and say "Ma-chees-mo."
The Naked Gun and Die

Hard are the same mug shot from two different angles. One is a zany comedy, the other an action thriller. Both are spiralling, wonderful studies in the tall-tales machismo of "man's gotta do" cinema. In the first, the writing-directing team who brought us Airplane shows we can get high-flying hilarity ground. In the second, Bruce Willis is higher up, battling a skyscraperful of terrorists and rescuing the usual Central Casting consignment of hos-

Insanity runs in the police genre. To keep up box-office momentum, the crimes must be ever more violent or per-verse, the hero's fight against them ever more macho or ingenious. But the genre's charm is that it can also dispense deep-cover insanity. The joy of *The Naked Gun*, written by Jim Abrahams and Jerry and David Zucker and directed by the last, is its lunatic sobriety. Like Airplane, here is a small pocket of the Western world buffeted by gusts of illogical and deadpan non-sequiturs. Can police chief Leslie Nielsen fresh (almost) from asking members of the earlier film not to call him Shirley - prevent a terrorist plot to assassinate H.M. the Queen on an Ameri-

Never mind the plot. Her Majesty barely flits through, albeit in the spitting similitude of Jeanette Charles. Instead

the entire film is composed of jewelled incidentals. It recalls the famous eggs of M. Faberge if Faberge had ever encrusted his fabulous embryos with jokes instead of gems, this is what they (the eggs) would have resembled. Whichever scene you turn to

the light, it glitters. A shot vil-lain performs an exquisitely choreographed ballet of mishap before pegging out. (He touches a red-hot stove, jams his hand in a closing window, falls into a wedding cake). The point where a drowned man hit the water is marked by the police in a chalk body-outline. A camera's-eye-view behind a wailing police car siren follows the siren through dark streets, up pavements, into and out of houses and finally onto a fair-ground roller-coaster. The "you are there" hyperboles of a cop-thriller credits sequence have never been more uproariously spoofed. For UK audiences, the film climaxes in a long base-ball sequence whose jokes, roared at in America where I saw the movie, will probably be incomprehensible over here. (They were to me). However, to compensate my countrymen. reared as they are on the clo-acal chortles of the "Carry on" films, The Naked Gun features the longest, funniest - and cleanest - lavatory joke I have

Surrounding the impeccable Nielsen, who is to deadpan comedy what Michelangelo was to ceiling renovation, are Ricardo Montalban, George Kennedy and Priscilla Presley. The last plays Nielsen's beauteous key witness turned girlf-riend. By romantic firelight

ever seen.

THE NAKED GUN David Zucker

> DIE HARD John McTiernan

MANIC COP William Lustig

ARTHUR 2 ON THE ROCKS

one evening, the two pledge true love and safe sex. Cut to the bedroom where the two lovers are entering the amo-rous fray, each encased from head to toe in translucent rub-

Bud Yorkin

Die Hard, a straightfaced action romp, cannot reach these heights, though it tries. Imagine that you are enjoying a Christmas Eve office party in the 40-storey Nakatomi Build-ing in Los Angeles. Imagine that you have got past the first six canapes and two glasses of champagne. Imagine that you are feeling secure because nei-ther Paul Newman nor Steve McQueen has yet rushed in shouting "Fire!" And then imagine that a gang of terror-ists bursts in, shooting dead the boss and demanding X million dollars from the high-secu-

rity company vaults.

How frightful the whole situation would be without visiting New York cop Bruce Willis. (His wife Bonnie Bedelia is tage of concealment. Soon he is legging it incognite all over the horror-struck high-rise, meting out guerrilla surprises to the gang, picking off their marksmen, dynamiting whole floors and sending walkie-talkie threats to their leader. He is played, viss Cherman accent, by our own Alan Rickman.

This exhibitanting romp is directed by John (Predator)
McTiernan as if his life or career depended on it. He need have no further worries: the film has mopped up 80 million dollars in America alone. A smart script - "Now I know what a TV dinner feels like" mutters Willis while crawling through a narrow ventilation shaft - gets together with good acting and hi-fi special effects to produce what may well prove the best action thriller of the year.

As well as embodying law and order as in *Die Hard*, or safe sex and safe crime as in *The* Naked Gun, the American policeman can embody run-away psychosis. Indeed this often seems to be a prime qualfication for the job. In Mariac Cop, directed by William Lus-tig and written by Larry (It's Alive) Cohen, one of "New York's finest" has turned into one of New York's nuttiest. A uniformed madman, he walks the streets strangling women, shooting innocent pedestrians and slicing up fellow cops. Can

he be stopped?
In Britain you never find a policeman when you want one.

among the hostages). Bruce is twiddling his toes in a private office when the mayhem begins, so he has the advantages. In America you never want a policeman when you find one. This movie is crude, action packed — or at any rate inturder-packed — and deeply, deeply dotty. Showing in a double-bill with something called Ghostchass (in which an animated, ET-like butler returns from the dead to help a will-hunting L.A. teenager), it can be recommended only to those who come well-lubricated from a terrorist-free office

> have Arthur 2 On The Rocks. Here Dudley Moore, the small British export, gets together with Liza Minnelli, the tall US domestic resource, to produce a gross international product. a gross international product.
>
> Arthur 1, if we may so call it with hindsight digitalisation, was at least modestly streamlined in its assembling of stereotypes: the drunken young toff (Moore), the snooty English butler (John Gielgud), the let-it-all-hang-out New York striffeiend. Minnelli). York girlfriend (Minnelli). Arthur 2 is like a hasty refit from which the wings and engines keep falling off. The plot is desperate: Moore loses his fortune and has to frequent the employment offices, Liza cannot have a baby and wants to adopt one, and Gielgud (who died in Arthur 1) does a sort of Ghost from Buttling Past cameo. Bud Yorkin's direction fails to make any of the performances shine, except in well-radiated embarrassment.

Finally, a warm ripple of applause for British filmgoers, who have once more jacked up. attendance figures for a



Ricardo Montalban and Priscilla Presley in "The Naked Gun"

twelvementh. At over 78 mll-lion, the recorded cinema admissions in 1986 were 5 per cent up on those in 1987. And even these figures, compiled by the Cinema Advertising Asso-ciation, exclude the CIC/UA multiplex chain (formerly AMC) and the BFTs Regional Film Theatres: both to their Film Theatres: both, to their patrons, undoubted delight,

Already our own two major chains, Rank and Cannon, are whingeing about layidious competition from the multiplex invaders of America. The mes-sage to you, gentlemen, is sim-

outlying Cannon or Odeon sin-emas have resembled excur-sions to the lost tombs of King

ple. Stop whingeing and improve your own performance. Clear those decadful in these decoding places, when adverts off the screens; heat the cinemas properly in winter and air-condition them in summer; and give your pairons a generous choice of movies.

The new multiplexes have taught us that cinemas can be taught us that cinemas can be alams to our own exhibition places where 20th canducy humans meet in clean, completed places. Spirits to citate all time roundings. By contrast my own recent visits to certain seems to get the message of a new era.

Nigel Andrews

Tom Jones

PALACE THEATRE, WATFORD

Like a not quite successful souffle, this sporadically rol-licking adaptation is crisp and flavoursome round the edges but soggy in the middle. It opens with bounce as the smallish cast (six actors and Rupert Graves) make it plain that they are to embody Fielding's teeming host of charac-ters with cheerful disregard to consistency in age or sex. It ends to the strains of Boyce, rational good humour and robust sweetness personified, the final episodes having been lifted by Alison Skilbeck's superbly controlled Lady Bellaston and the generally styl-ish portrayal of London's deca-

dent beau monde. The countryfolk come off less well, their bucolic rompdiminishing returns. This is plainest in the frenetic comings and goings at the inn at Upton, with its mistaken identities, coincidences, unhappy discoveries and general elaborate confusion - a Feydeau farce before its time. The company works with a will and unflagging energy but the whole scene goes on too long, runs down like unwound clockwork and gradually loses impe-

Andrew Wickes' adaptation fondly packs in too much of the book, even for the three hours' traffic of this particular stage. We even get a visit to Hamlet (nice cod attitudinising performances on stage watched by Jones and the wondering Partridge from one of Wat-ford's pretty auditorium boxes) which clogs the narrative flow

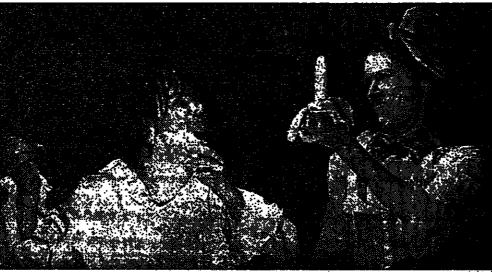
Ultz's design strips the stage for action: the opening scene, backed by the theatre's bare brick wall, scatters the floor

with cabbages and the odd sleeping figure to a sound-track of bleating and snoring. Sticks of furniture and screens are deployed, as is a scaffolding platform to another auditorium box.

Matthew Francis' direction requires quick and giddy changes from the players, mostly carried off supremely well. William Relton alternates his primly hypocritical Blyfil with an exquisitely wry Mrs Fitzpatrick; Hugh Ross changes from an Allworthy quietly benevolent (and con-vincingly good – quite a feat) to the sourly genteel Aunt Western; David Killick's loyal semi-educated Partridge gives way to the unexaggeratedly foppish nefariousness of Lord Fellamar, James Saxon redeems the muted understatement of his comic gifts in the Renaissance Twelfth Night with a gallery that includes a lawks-mum landlady and a Squire Western splendidly sporting a Georgian wig com-posed of fox-brushes. Like his colleagues, he deserves a less inhibited response than the bemused Watford burghers are prepared to give.

The central pair are less successful. Jan Raven is a drab Sophia and takes to her travesti roles without the relish her male colleagues bring to theirs. As Tom, Rupert Graves moves by numbers, utters lines as if faintly surprised at the resultant sound, and brings a perceptible air of effort to such technically sophisticated theat-rical complexities as walking and speaking at the same time. In short, he is cut out for the

Martin Hoyle



Rupert Graves and Alison Skilbeck

Songmakers' Almanac

such as Goethe and Klopstock. Perhaps a whole recital on the theme does risk a sameness of mood, but it is extraordinary the number of really fine Schubert Lieder that can be gathered under this nocturnal

cloak. In Tuesday's recital there was, indeed, an even greater selection of material than usual, as Graham Johnson had dispensed with the spoken interludes that are customary on a Songmakers' Almanac evening. Just two singers shared the programme, their joint simplicity of style sug-gesting that the word had been put about beforehand that any

poetically turned and mellifluous singing. This tenor gives us what we might recog-nize very much as "English" Schubert, with all the understated musicality and floated head-tones that the expression implies; but none the worse for that, when he sings with as irresistible a beauty as he did in "An den Mond" or the plain-

in An den mont of the plantive "Des Fischers Liebesglück" at this performance.

The mezzo Sarah Walker is
by contrast an outgoing singer
and seemed to have been persuaded to rein in her more abrasive talents. The simple Schubert style comes to her less easily, but that is not to deny the quality of line and

For Schubert, as so many early romantics, the moon was a potent symbol of artistic imagery and the composer's song repertoire contains many lyrical apostrophes to it by poets

display of strong personality werbal detail of which the too is capable: "Des Madchens Klage" and "Die junge Nonne" both created convincing dramatical apostrophes to it by poets

display of strong personality werbal detail of which the too is capable: "Des Madchens Klage" and "Die junge Nonne" both created convincing dramatics." intensity, even singing at pp.

The only song that she failed to bring off was "Erikonig". where Graham Johnson's fran-tic assault on the famed triplets in the accompaniment may have been unsettling. Elsewhere the pianist was his usual inspiring self, finding the subtlest shades of colour to breathe a different atmosphere into each nocturnal picture. The programme seems ready-made for his great enterprise of capturing the complete cycle of Schubert Lieder on record.

The Alchemist

CITIZENS THEATRE. GLASGOW Ben Jonson is not easily moved the dream factory liself, and upwards like a meandering

more extraordinary than in

The Alchemist
Taking a much harsher,
more pitiless look at this masterpiece, the director Robert
David MacDonald fast-forwards to the Hollywood jazz age and converts the gulling tactics of Subtle and Face into the farcical scenario of a Marx Brothers movie: "Concept" is a dirty word in the British theatre at the moment (not that we were exactly awash in "concepts" when it wasm'th but the idea seems to me both plausible and

Immediately, Lovewit s bordello of banging doors, buzzing bells and distant traf-fic noises. Subtle's alchemical fraudulence when placed at the chants under ground), service of willing subscribers is engraved mirrors, low tables only another way of describing and banisters that riggag

from his London environment, when Ron Denachie's noun-and the richness of detail in tainous, white suited Epicare the ordinary life of a great Mammon inventories his hists Renaissance city is, as Anne and predilections he resembles. Barton has remarked, nowhere no one so much as Fetty Arbuckie revving up for one of his cataclysmic legendary

hinges.
The cutfing is extremely heavy, occasionally injurious to rhythm and the mood of luxin any trademontade that hangs like a pall over the lilicit shinding. We lose Dapper. But in just over two hours, the production does achieve the crudella ship and the crudella ship and the crudella ship and the s cial effect of displacing the real world with a surreal alterna-

ement interior features reverse the write of the line about his cocktail bars (Prohibition has head in a platter. Without a also pushed the dream mery rull, he now looks like a turd chants under ground), in a florist's.

munical stave. Peter Jonnield's Subtle is

Peter Jonfield's Subtle is rather too laconic as the mad-cap chest who greets each vic-tim as a white-coated scientist. In an Einstein wig. The Jon-sonian spirit of inventively appacious joy in disguise and manipulation is much better embodied by Laurance Rudic as Face, a sly mutant who has exchanged a personality of exchanged a personality of granite servility for a new lease of life as a sinister, limping laboratory assistant wor-

thy of Peter Lorre.

Equally good is Anne
Myatt's raddled but fleshy Dol with with a surreal angrees and at statutes out heavy for tive. Shot entirely in black and of energy the promise in black white and costumed in thing—under wear And Stewart Porter bergs, includer directions, durant, explodes sand into a clocke hat and speakers has Speakers explodes sand incessible sure wear. Stewart Laine's ten. Antenno Gades, prompting a

Michael Coveney

Just Frank

January 27-February 2

The good thing about Just directabling population. About the story of an ordinary ordinary circumstances: brought up in Edinburgh, Frank Gilchrist joined the Scots Guards in time for the Fakklands, was shot in the leg, Falklands, was shot in the leg, acquired an addiction to mor-phine and joined out at just about the time that Alds was Richard Fairman beginning circulate among the shared needles of Britain's

in his story.

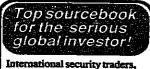
The biographical details supplied by Gifchrist for writer Vince Forall create their own drama. They are the details of a healthy heterosexual life turned upside down, not merely by disease but by wire the implication being that the upheaval of war created the ambiance for Aldr. while the suddence is invited to have its interest drinks, before returning to watch from its effect at the juminat constitution. The problem with first has been called in the limit of them is that, by allowing a personal history to take its course, he creates a narrative which takes most of the evening to arrive at the point of interest.

His description of the exsquaddy's conversion from foul talking machisms to a sensitivity born of suffering carries a real weight and a real humour, as, do syocations of his long-suffering mother. But defauntly unconventional gay that, I presume, is deliberate.

ARTS GUIDE

EXHIBITIONS London

The Royal Academy. Italian Art in the 20th century: after German and British, the third in the Academy's roughly biennial veys. This is an exceptionally thorough study of the earlier phases, clearly setting out the



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several developments of Futur-ism, Metaphysical Painting, Real-ism and Abstraction, but is rather more cursory and helrather more cursory and heaver-skelter in bringing the story up to date. Dally until April 9, except Good Friday; sponsors Alitalia and Fiat.

Grand Palais. Paul Gauguin.
Coming after Washington and
Chicago, 250 works from the
United States, the Soviet Union,
Japan and Czechoslovakia,
together with those in French
possession, form the first great
retrospective since 1949 of the
legendary peintre mandii. January 14 until April 24, closed Tue;
late closing night Wed (42 96 58
30).

30). Louvre. Pavillon de Flore. Rembrandt and his school are on show in two exhibitions at the Louvre. 72 drawings constitute a panorama of Rembrandt's masa panorama of Rembrandt's masterly work and can be compared
with 54 drawings executed by
his pupils. The other exhibition
consists of 29 canvases by Rembrandtesque artists and is especially interesting in view of the
recent controversy about attributions of some of Rembrandt's
own paintings. Both exhibitions
closed Tue. The first ends Jan
30, the second March 27. Entry
from the Quai des Tuileries,
opposite Pont Royal (42 60 39
25).

Le Louvre des Antiquaires. A show of wallpaper from 1720 to 1930. The exhibition displays 300 samples of this minor decorative art and shows how its devel-opment followed, and underlined, the changes of fashion, 2 Place du Palais Royal (42 97 27 10), Closed Mon, ends April 2.

Musée Bellevue. Les Flacons de la Seduction. The art of per-fumery in the 18th century. 7 Place des Palais. Ends Feb 19. Musee D'Art Moderne. A retro-spective of the paintings of Jean-Jacques Gallard (1890-1976). Closed Monday. Ends March 12.

Rotterdam

Boymans-Van Beuningen Museum. Twin exhibitions on Rembrandt and his school com-prising a lavish 200 drawings and 30 paintings, all from the museum's own collection. Ends March 5.

Antwerp

Koninklijk Museum Voor Schone Kunsten. Leopold de Waelplein. Golden Light: Art of the Icon. Coutains 185 icons dating between the 13th-17th Canturies. Many of the Byzantine, Cretan and Russian icons are on public view for the first time and are lent mainly from private collections. Closed Mon. Ends Feb 5.

Brucke Museum. Emil Nolde (1857-1956). The exhibition con-centrates on Nolde's most cre-ative period in Berlin in 1910-1911. There are about 125 pictures, aquarelles, lithographs and etchings. Bussardsteig 9. Ends Feb 5. Stuttgart

Stuttgart Museum. The most Stuttgart Museum. The most important pictures of the famous Thyssen-Bornemisza collection covering the period between 14th-18th century as well as works by Holbein the youngest, Frans Hals, Peter Paul Rubens and Albrecht Durer. Until March.

Vienna

Kunstlerbaus. The Soviets are becoming more relaxed about exhibiting their treasures abroad. The latest to hit the West is a The latest to fit the west is a collection from Lamingrad's Hermitage which is devoted to Scythian Gold, the golden artifacts of the Scythians, a nomadic people who once ruled over a large area north of the Black See The 170 artifaits — ranging Sea. The 170 exhibits — ranging from gold-embroidered clothings, earrings and tablewear — were found in the ritual grave mounds of the Scythian kings. Ends Feb-

of the Scythian kings. Ends February 26.

Kunsthistoriches Museum. Prague 1600 — A marvellous exhibition looking at the court of Rudolf 11, the great patron, not only of the arts but also the sciences. He kept Johannes Kepler, the astronomer from near starvation, and made Prague a centre of learning and culture. Ends Feb 26.

Villa Farnesina, Via della Lungara 230. Over 100 fierce lith-

ographs by the French artist
Honoré Daumier, most of which
originally appeared in the Parisian satirical paper Charivari.
Unable to attack his monarch
Louis Philippe directly during
the years 1839 to 1848, Daumier
lashed out victously at other
monarchs, mostly European,
but with a particularly victous
series directed at the Emperor
Scolonque of Hairi, for their racist attifuedes. Until Feb 28.
Galleria Nazionalb d'arte Moderna. Witty conceptual art by
one of the best of the middle generation of Italian artists, Giulio
Paolini, born in Genon in 1940,
Until Feb 26.

Castello di Rivoli. Alberto Gia-cometti (1901-1966). A retrospec-tive of the Swiss artist's major works, in large part those shown in the French pavilion at the 1962 Venice Biennale (when Gia-cometti won the sculpture prize).

Metropolitan Museum of Art. More than 100 works by south-west American artist Geor-gia O'Keeffe covers the range of her career, focusing on her influential abstracts, flower paintings and stark desert land-scapes. Half of the works are from the estate of the artist, who died in 1986. Ends Feb 5

Washington

National Gallery of Art.

Cézanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée Academy of Art and the Musée d'Oray in Paris, the exhibition comprises 65 offs and 35 drawings showing Gézanne's proto-impressionist techniques from 1859 to 1872. Ends April 30. Hirshborn Museum. Part of a four city US tour of the contemporary German artist Gerhard. Richter, the retrospective of the 62 year old artist has raised American appreciation of his or year old artist has raised American appreciation of his figurative and abstract periods with 44 pointings as well as an installation piece based on color photos and two objects. Ends Feb 12.

Tokyo

National Museum. Treasures from the Ninnaji Temple in Kyoto. This Zen temple was founded in 838, but most of its present buildings date from the 18th century. The temple is a recognised centre for the sentile arts of the tea ceremony and flower arrangement and its treasures include beautiful gilt Buddha statuettes, lacquerware and porcelain from the Helen period. Begins January 31. Closed Mondays.

czys. Striped House Museum, Exhibiscriped nouse sussess. Exhibi-tion of paintings by Kiyashi Koizumi, third son of the late 19th century writer, Lafcadio fleain, who became a naturalise Japanese citizen. Koizumi's life and work were inevitably form between eastern and western influences, although his best paintings were influenced mainly by Fauvism.

London Philharmonic

To the meagrest of houses, the London Philharmonic under Jacek Kasprzyk performed Jacek Kasprzyk performed works by Elgar and Francis Routh in the Royal Festival Hall on Tuesday night. The event was promoted by the Redcliffe Concerts — a society for the furtherance of music by living British composers — to mark its twenty-fifth amniversary. It was a dismal failure.

First, Kasprzyk led an account of Elgar's Introduction and Allegro for Strings notable for sour intonation at the start, reckless dismissal of the sub-

reckless dismissal of the sub-tleties of the central fugue, and general plodding insensitivity to both the letter and the spirit of the score.

Then came Mr Routh's own Then came Mr Routh's own Poème fontastique for piano and orchestra, Op.48, in which the soloist was the American Jeffrey Jacob. Routh is the long-serving artistic director of the Reddiffe Concerts, and it is no coincidence that a long work of his own happened to appear on this programme. To appear on this programme. To relate the musical detail of his relate the musical detail of his three-movement essay would be tedious and improper: strictly speaking, *Poème* is not yet music, but, in its raving incoherency, merely an expres-sion of the will-to-music. Finally, Elgar's symphonic study, Falstoff, was murdered.

Paul Driver

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FINANCIAL TIMES

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Thursday February 2 1989

The summons from the US

LIKE fractious satraps of a February 1987 and below rates crumbling empire, the finance ministers and heads of central banks of the Group of Seven industrial countries have been persuaded to pay their respects to the newly installed US Administration. But the empire is not what it was, as has been shown most clearly by the pointed lack of enthusiasm of Japan and the UK.

Not that such meetings are pointless, however modest their achievements. The exchange of views that began under the aegis of Mr James Baker, then US Treasury Secretary, has served the world well. It has not delivered the miracles of co-ordination recommended by the more enthusiasbut it has been far better than what went before.

Furthermore, there are subjects clearly deserving of dis-cussion, Third World debt being an outstanding example Signs of reborn intellectual life on this subject can be detected in Washington. Such ideas are timely, since a new approach is urgently needed.

Monetary policy

But the issue of international economic co-ordination cannot be avoided. On this the meeting may achieve most by promising least. With the range of instruments subject to effective co-ordination so limited, it is dangerous (not to mention, implausible) to promise too much of monetary policy, the one instrument that is left. Since intervention in the foreign exchange markets is of limited effectiveness without relaxing monetary policy, too, targets for exchange rates have

to be kept fairly loose.

This is a lesson that has been learned the hard way by Mr Nigel Lawson. Mr Green-span, too, knows that US monetary policy cannot, will not and should not be made regardless of domestic inflationary pressures, a sentiment to which Mr Karl Otto Pohl would say "amen." Ultimately, central bankers are judged by their ability to deliver domestic price stability, not stability

on the foreign exchanges.

For this reason, the G7 will have to be reasonably relaxed about the vagaries of the dol-lar, which is, in any case, still trading within the range seen since the Louvre Accord of

reached last summer. The US economy cannot shift resources into the balance of payments on a large scale without seriously aggravating the risks of inflation. Faced with the choice between the inflation tax, on the one hand, and external deficits, on the other, Mr Greenspan has rightly chosen the latter.

With central bankers orienting the bulk of their attention to domestic price stability, movements in the exchange rate should be seen first and foremost as a prime indicator of the tightness of monetary policy. They should also be the occasion for international dis-cussion of relative monetary tightness. At present, for exam ple, there is a case for Mr Greenspan to pursue a somewhat looser monetary policy than he might prefer on purely domestic grounds and vice versa for Mr Pöhl.

Imperial twilight

The more ambitious the pro-cess of co-ordination, the greater the number of instru-ments required, with fiscal pol-icy most missed at the moment. What can Mr Brady, the new US Treasury Secre-tary, offer on this front? His master's "flexible freeze," remains highly implausible, not least to those familiar with UK experience. Thus Mr Bush es to freeze the real level of federal expenditures. By contrast, Mrs Thatcher's far more determined and, in domestic terms, far more powerful Government merely managed to keep the real growth of public expenditure to just under 1 per cent a year in the favourable (because economi-cally buoyant) period between 1983-84 and 1987-88.

The Americans seem quite unaware of how much is at stake. Outsiders find the sight of this great country struggling to eliminate a fiscal deficit, so modest in itself but so large when set against American net savings, astounding and dis-turbing in equal degrees. When Mr Bush summons, the allies will come. But he would be fooling himself if, like an emperor in the twilight of the Roman Empire, he hopes that cajoling his erstwhile tribu-taries to act on his behalf will prove an effective alternative

Price-fixing in commodities

IF THE world's remaining with payments to fund the commodity pacts are not yet agreement. Ivory Coast, the commodity pacts are not yet quite fmished, they certainly received another blow last weekend when talks aimed at restoring some life to the international cocoa agreement failed to resolve any of the problems which have confronted it. Producer and consumer delegations from the 41 nations belonging to the pact clashed on both political and technical issues. The agreement is in suspension, its buffer stock replete and its other key clauses moribund. awaiting more talks later this year aimed at discovering whether enough common ground remains for its renewal

While it is difficult to generalise even about so-called soft commodities like cocoa, coffee and rubber, the three for which semi-effective agreements still exist, the failure of the cocoa talks illustrates some of the difficulties involved in making these arrangements stick.

As the talks showed only too clearly, major political differences exist between the two sides over the aim of the cocoa agreement. The 18 producing countries, many heavily dependent on the crop for export earnings, want guaranteed prices which will more than cover their costs. Consumers see the pact as having the more limited function of stabi-lising prices around a trend.

Pact undermined

It is this issue which has prevented the operation of those technical clauses of the agree-ment designed to take cocoa off the market. Prices fell so far and so fast early last year that the buffer stock limit of 250,000 tonnes was quickly reached. nce then the two sides have famed to agree to move to the second stage, which envisages producers being financed by the agreement to withhold

cocoa in their own countries. Failure to agree on these measures has resulted in the pact being further undermined. As prices have remained low at around £850 a tonne or only half the price prevailing when the agreement came into force key producers are in arrears largest producer, owes \$56m out of total producer arrears of

Even more significantly, Ivory Coast has unilaterally decided to withhold cocoa from the market. In a controversial deal now being examined by the European Commission, late last year Ivory Coast sold 400,000 tonnes of cocoa to Sucre et Denree, the French company. The price at which the deal was done is not known, although half of the cocoa is to be stored for two years. It is widely suggested that the French Government a party to the cocoa pact - has

Structural imbalance

All these events have deep-ened mistrust and undermined confidence that the agreement can be made to work, or that a new one would make sense. But these sentiments are reinforced by the sort of structural imbalances which it is surely unrealistic to expect any commodity pact to redress.

Over the last 20 years cocca
production — spurred by
World Bank aid — has expanded rapidly, from some 1.2m tonnes to 2.3m tonnes a year. Consumption, at just under 2m tonnes annually with world stocks currently estimated at nearly a million tonnes, has

failed to keep pace. So does the current débacle suggest that the cocoa agreement, and perhaps other soft commodity pacts with it, should be scrapped? It is perfectly possible that the cocoa accord will collapse under the weight of its own contradic-tions. But the coffee agreement just escaped a similar fate last autumn, while the natural rubber pact, thanks to rising demand and a better structural

Clearly commodity pacts are very imperfect instruments, but there is little else to put in their place. To reconcile the inevitable conflicts of interest requires a degree of restraint and flexibility on the part of both producers and consumers which appears to be lacking in

Robert Graham and Stephen Fidler look at the prospects for international action to ease Latin America's crippling debt burden

atin America's mountain of foreign debt is still an issue of vital international concern after more than six years. The centre of concern has shifted, however. It is no longer a question of protecting the international financial mattern by smiding a buge default. system by avoiding a huge default— the systematic reduction of bank exposure and the build-up of cushions against losses has virtually eliminated serious risk of a banking col-lapse. Instead, attention is now focused on the plight of the debtor countries.

Prolonged austerity has resulted in a decade of lost growth in Latin America. A mixture of poor management and unpopular policies has weakened the authority of fragile weakened the authority of tragile democracies, yet no significant dent has been made in the region's debt burden, which now totals \$415bn (£240bn). Over the last five years, Latin America has paid out \$120bn more to service its debt than it has received in new loans. If net outflows of resources continue at this pace of resources continue at this pace—
the evidence suggests they may be
rising not falling—economic growth
will be severely depressed and the
region will be condemned to sustained
stagnation and a consequent worsening of social and political unrest.
In short, the present crisis revolves
round the ability of democratic institutions to survive in such countries
as Brazil and Argentina. It tests the
willingness of the international com-

willingness of the international com-munity to accept that such survival is

in its own long-term interest. The Baker plan, which has guided the international approach to the the international approach to the problem since it was proposed in 1985 by Mr James Baker (then US Treasury Secretary, and now Secretary of State), accepted the principle that countries which managed their economies properly should receive fresh funds to bring about a return to converted the property and their countries. growth. Commercial banks have not, however, provided debtors with the funds that Mr Baker envisaged.

The limited role of the banks was underlined by a report last month from the Institute of International Finance, a Washington-based forum for international banks. The debt of the developing world's 15 biggest bor-rowers (which also includes the Phihippines, Nigeria and Yugoslavia) to foreign banks rose only slightly from \$262bn in 1982 to \$280bn last year, but their total foreign debt burden rose much more sharply from \$390bn to \$499.5bn. As a proportion of total debt, the banks' share has dropped from 67

The case for the Latin American debtors was put with firmness by President Carlôs Salinas de Gortari of Mexico in his inaugural address last December: "In economic stagnation, democracy would fade."

He went on: "We shall not grow in any lasting way if we continue to transfer abroad each year 5 per cent of our national product. This situation is unacceptable and cannot be sustained. I shall avoid confrontation; but I emphatically declare my convic-tion that the interests of Mexicans come ahead of the interest of our creditors. Our priority is no longer to pay, but to resume growth."

These words come from the leader of a country which has striven to work within the framework of the international financial system; and they were uttered in spite of a \$3.5bn bridging loan obtained from the US Treasury last November.

in return, commercial bankers insist that they cannot be expected to underwrite economies managed so badly that capital flight is endemic. Generally ignoring their own roles as beneficiaries – much Latin American flight capital sits on deposit with Western banks - they point out that foreign assets of countries with debt

				Debl	ratios 2	
	Election	Foreign ¹ debt (\$bn)	of which ¹ private (%)	Debt/ GNP (%)	interest/ Exports (%)	Secondary market price of bank loans
ARGENTINA	May 1989	59.6	79.4	73:9	41.5	(cents on \$) 20.00
BRAZIL	Nov 1989	120.1	76.8	39.4	28.3	34.50
CHILE	Dec 1989	¹20.8	74.3	124.1	27.0	60:50
COLOMBIA	Mar/Apr 1990	17.2	48.0	50.2	17.0	56.50
ECUADOR	1992	11.0	63.6	107,4	32.7	13.00
MEXICO	July 1988	107.4	78. 1	77.5	28.1	38.50
PERU	Apr 1990	19.0	61.5	40.5	27.2	5.50
VENEZUELA	Dec 1988	35.0	99.3	94.5	21.9	37.00
2. Worl	d Bank: end 1988 es d Bank: based on 19 mon Bros.					

Need to staunch the haemorrhage

servicing problems amount to 45 per cent of their external debt.

The view that many debtors must significantly improve their economic management is widely held among Western governments, multilateral institutions and increasingly among officials in the debtor countries them-selves. The debtors' response has so far been an erratic combination of stabilisation programmes, public spend-ing cuts, import reductions, export increases and rescheduling.

On the positive side, the crisis has generated increases in exports and the beginnings of a potentially impor-tant long-term trend towards diversification away from traditional products. There has also been a growing acceptance that economies should be ss cluttered with regulation and that private initiative must be given a greater say at the expense of the public sector's dominant role.

But against this, the fall in the region's growth has been dramatic. Most countries have not clawed back

the drop in gross domestic product suffered in 1982-83 and several are back to the levels of the 1970s. Colombia, which has not rescheduled, is the recorded consistent positive growth each year since the onset of the debt crisis. Chile, widely accepted as the most successfully managed economy, only last year managed to recoup the fall in GDP suffered in 1983. Since 1984, Latin America's per capita growth has scarcely averaged 1 per cent a year after the region's 2.2 per cent annual population increase has been taken into account.

The cumulative effect of reduced state spending is already being felt in poor maintenance of public utilities and lack of imported spares. Plant is deteriorating faster than it is being replaced. In Argentina the banks have just had to adjust their hours to accommodate lengthy power cuts. In Peru almost every public service from roads to water is in rapid decline.

The axe on public spending has fallen where it has been easiest to

wield - on education, health and housing - often at the expense of more deserving targets like bloated administrations and unnecessary public corporations. Only last month, in the third attempt at a major stabilisa-tion programme in four years, did the Brazilian Government promise to make some cuts in the Civil Service. Austerity combined with the gov-ernments' reduced social role has encouraged an increased influx into the cities. This has put further pres-sure on strained infrastructure, raised

crime rates and stimulated parallel economies all too often driven by funds from the illegal drugs trade. "Unless this depression can be ended, it will feed on itself," concluded a report published recently by the Inter-American Dialogue, a group of leading US and Latin American liberal politicians and academics. The sense of hope in moderate democratic government, so evident in the early 1980s as Argentina led a regional trend away from military rule, is eva-porating. Most democratic govern-ments have proved at best well-meaning, at worst incompetent and

As a result there is fertile ground either for the military to return (even though they seem reluctant to step in directly because things are in such a mess), or for a new brand of populist like Carlos Saul Menem, the Peronist candidate in Argentina's May elec-tion, or Leonel Brizola, the left-wing eader in Brazil. These countries can undoubtedly do

more - by improving economic management, by better fiscal discipline, by encouraging imaginative debt reduction schemes and by providing a more attractive environment fo domestic capital to prevent capital

Much of this is accepted in three of the four main debtors: in Brazil; where there is, nevertheless, a ques-tion of political will and a pending election; in Mexico; and in Venezuela, where the new President, Carlos Andres Perez, is expected to announce an economic programme acceptable to the International Monetary Fund. (it is not accepted in Argentina, where there seems little appetite for a deal with creditors.) But this approach also implies an expectation that more will be done from the creditor side. The Mexican Pres four premises on which Mexico's foreign debt negotiations will be ba Net transfers of resources abroad must be reduced.

 The debt stock must shrink. New resources must be made long-term to avoid annual negotiations.
The proportion of debt in relation to gross national product be reduced. Such objectives are now accepted by a wide cross-section of bankers and

officials in dector and creditor countries and at the multilateral institutions. Ideas on how to achieve this will undoubtedly be discussed by the financial leaders of the Group of Seven industrialised countries when they meet in Washington to sonorrow. The banks have, over recent months, indicated that they would, in theory, be willing to countrance more medium term leading, provided the conditions were right. They would also welcome a further expansion of techniques to ease debt burdens but insist banks, participation must be voluntary. voluntary. Debt reduction, such as debt equity

Debt reduction, such as debt-equity swaps where loans are exchanged for equity stakes in companies in the debtor country, allows debtors to benefit from the discounts at which banks are willing to sell these loans. Debt reduction is widely, though not universally, regarded as helpful. Regulatory, accounting and tax obstacles need to be cleared away if the benefits to debtors are to increase, but almost nobody believes it alone can provide a solution.

nobody believes it alone can provide a solution.

The banks continue to dig their heels in over outright debt forgiveness, saying any mandatory debt relief would be contested in the courts. They also not least because share prices of banks in some countries react favourably to reports of falling Third World exposure — make no secret of the fact that the chances of a large increase in their direct lending to troubled countries are low.

The key to the deadlock in the eyes of many debtors is the US. Mr George Bash, eyen before his inauguration, accepted the need for a reassessment of debt strategy while Mr James Baker in his new role has already given debt a high priority, specifically naming Mexico, where US commercial and strategic interests are most directly at risk.

US officials are downplaying the likelihood of revolutionary changes in

US ornicals are downgaying the likelihood of revolutionary changes in the strategy because they do not want to inflate expectations, or encourage the impression of imminent crisis. Accordingly, it seems that a departure from the "case-by-case" approach of the Baker Plan is unlikely:

The US Administration's state-The OS Aniministration's statements suggest it will build on the voluntary debt reduction techniques already developed by commercial banks, provided this does not offend the general principle that Western governments will not take over the devalued assets of private creditors. It will attempt to encourage further new lending — a move to make it easier for US banks to capitalise interest is one possibility. A broader role for the international Monetary Fund and World Bank may be encouraged World Bank may be encouraged.

The other members of the G7 recog-

The other members of the G7 recognise Latin America as Washington's legitimate sphere of influence and that the US will probably set the pace. Some will, perhaps, be keener than the US to see the resources of Japan used to alleviate the problem.

However, there are differences. A simmering dispute among industrial countries—about whether the IMF should continue to take the leading role in resolving the crisis, or whether the World Bank should expand its function—risks slowing the process

function - risks slowing the process of reaching agreement.

If technical difficulties stand in the

way of staunching the outflows from be lost. The alternative to rapid action by creditor countries is an unpleasa one for for President Bush and his Cabinet: "to be confronted," in the words of Mr Jean Baneth, a senior economist at the World Bank, "at their borders or on their shores with economic stagnation, with political and social upheavals, and with the streams of refugees that inevitably accompany them."

ferrit.

Current cost inflation

The rate of inflation in London reached nearly 12 per cent in the year to last November. Or at least it did for the 8,000 or so people training to become chartered accountants

in the capital. Rather than relying on the official RPI, two bodies - the London Society of Chartered Accountants and the Chartered Accountant Students' Society of London - have their own basket of goods for the typical would-be accountant to track the true rise in the cost of liv-

ing.
The basket reflects a modest, almost proletarian lifestyle for the typical trainee: four pints of bitter and a trip to the cinema each week, as well as one (medium) portion of cod and chips. No wine bars and fast cars. And, says one of those involved in putting the basket together, "no girlfriends or anything like that."

The typical trainee accountant, it seems, rents a room in Muswell Hill or Clapham does not take a holiday, and shops in Sainsburys and Marks and Spencer. He or she eats sausages, pork chops, pizza and fish fingers, with not a steak in sight.

This package, described as the barest minimum, costs

£5,807 a year, requiring a gross salary of £7,812.

Man for Tokyo

■ The new US Ambassador. to Japan is Michael Armacost: an official announcement is expected today to coincide with the meeting in Washington between Prime Minister Noboru Takeshita and Presi-

Armacost is one of the most senior career diplomats at the State Department and a Japan expert. Now 51, in the Reagan years he was the third-ranking official under Secretary of State George Shultz. He speaks conversational Japanese, culti-

OBSERVER

vated during two tours in the country: in the late 1960s, he was Visiting Professor at the International Christian University in Tokyo and, in 1972-74, assistant to the US Ambassa-

MB's warrants

■ Although much was at stake at yesterday's meeting of MB Group warrant holders, held amongst the wood panelling and stained glass of the Iron-monger's Hall, the rough and tumble was carefully ordered and every form properly observed. Even Ross Luke of Elders Investments, which holds over a quarter of the warrants, failed to live up to the image of Australians by wearing a typical City suit for his moments of stardom. Under the chairmanship of

Nigel Johnson, a partner in Allen & Overy, the City solicitors, the meeting was firmly put through its paces from the 10.15 official start to the adjournment at around 11.00. It took only a few minutes for Johnson to decide the meeting had a quorum. If a demand from Luke to know how many of the warrants were represented at the meeting was a time-wasting tactic, it was good for only 10 minutes while the totting up was done.

Once the serious business

of Luke's proposal to adjourn the meeting was under way, it could only have taken 20 minutes of civilised thrust and parry to agree the wording of the resolution, and barely a few more minutes to pass it manimously.

Toyota's firm ■ Braxton Associates, the con-



"The noise, I don't mind it's the train spotters."

develop a European manufac-turing strategy, is an elusive firm. "They are not as secre-tive as Bain, but they don't talk about themselves much," sald the lady from the public relations agency recently hired by Braxton. "They are not even prepared to confirm to the press that they are working for Toyota."

The firm was formed as a break away from the Boston Consulting Group in the mid 1970s. In 1984 it was bought by Touche Ross International, accountants and consultants.

Braxton operates out of Boston, London and Paris. The non, London and Paris. The
British end was set up and is
managed by Barry Hedley, who
is believed to have helped in
the reorganisation of International Paints, the Courtaulds
subsidiary, in the 1970s.
Brayton is not seen in the

subsidiary, in the 1970s.

Braxton is not seen in the strategy consulting sector as one of the best-known firms.

"If you were looking for a high profile firm of consultants, you would not go to Braxton," said a competitor. The Toyota commission will understable. mission will undoubtedly

change that, despite the wall of silence around the firm.

Dali's legacy ■ Salvador Dali may have played one last joke on his native Catalonia and his final home, Figueras. The Spanish Ministry of Culture confirmed yesterday that the painter, who died last week, has left his entire estate to the central Government.

The Ministry has been handed a copy of Dali's will, made on September 20 1982, which names the Spanish State "sole heir" of his estate, his paintings and the rights to The estate is almost impossi-

the estate is almost impossible to value. The paintings still in Dail's possession when he died have never been properly catalogued. The Dali museum in Figueras holds hundreds of unshown works in its basement. Conservative estimates have the entire estate worth \$200m. The will says any future codicils are to be.... ignored, and thus is a disap-pointment to a large number of people, including Dail's sec-retary, Robert Descharnes, who claimed the right to administer the estate until the year 2004.

Neutral court

■ The Princess Royal was an exceptionally popular attraction at a luncheon yesterday of the Diplomatic and Commonwealth Writers' Association, where more traditional guests are British ministers, foreign leaders and ambassadors. She expressed surprise that she could be of equal interest to journalists as "deciden weaking wrighters". She sion-making ministers." She described herself as a "profes-sional neutralist."

High speed ■ Sign by a Florida church: "Community Prayer Hour: 6 to 6.30pm daily."

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British Steel (Industry)

Canterbury House, 2-6 Sydenham Road, Croydon CR9 21.J.

incomplete consensus that the Budget required from Nigel Lawson on March 14 is a nettral, "steady as she goes," affair. But there is a general lack of understanding that such a Budget would have to include up to £5hm of so-called tax cuts. Without these it will not be a neutral, but a restric-

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tional

The state of the s

Yet this misunderstanding is: a fact of life. Unless the Chancellor wishes to make a mertyr of himself to British masochism, any tax revisions will beless than the true Budget arithmetic permits. The Chancellor has partly himself to blame for being so boxed in - because it is quite impossible for him to supply the missing education in a Budget speech, the text of which few people will have seen and on a day when most taxpayers are struggling to comprehend the specific meahabit of pre-Budget purdah, Mr Lawson has denied himself the sustained campaign of explanation required to present a non-masochistic Budget. These points are well illus-

trated by the Green Budget published by the Institute for Fiscal Studies*. Of course the IFS projections are fallible, but they are the best we are likely to have this side of the Budget. The IFS estimate is that in the fiscal year now ending there will be a public sector debt repayment - known to ordinary mortals as the budget surplus - of over £12bn. (This surplus remains substantial even if £5bn proceeds of priva-tisation are removed.) If no tax changes are made - other than the indexation of thresholds and the specific duties - the surplus will be over £170m

The Treasury may be expec-ted to err deliberately on the conservative side in its projections so as to minimise tax remissions without making it look as if the Chancellor has: returned to fiscal fine-tuning. But on almost any assumption he has a margin of revenue

with which to play. The IFS guess is that the But just as it has been sensi-Chancellor will definitely ble to allow the surplus to rise The IFS guess is that the embark on tax remissions. worth some £1%bn, probably taking the form of an increase in tax allowances over and above indexation. If in addition he is convinced that the slowdown in the consumer boom is genuine, and not easily reversed, he will at the last moment add a 1p cut in the basic rate of tax, taking the package of remissions to around £3bn. That is my best guess too. But he could be crucified even for this modest

ECONOMIC VIEWPOINT

Need to say 'No' to Budget masochists

By Samuel Brittan

So much for the executive summary, Now for the underly-ing argument.

The fiscal bonus occurs both on the revenue and expendi-ture side. The IFS expects revemue to rise by £18.4hm hetween the present and the coming financial year. General expenditure is expected to rise by only £12.7bn. After allowing for lower repayments by public corporations there is likely to he a net improvement in the public sector finances of

The really large revenue bonuses do not come from income tax (once allowance is made for indexation against inflation) but from corporation tax. Proceeds from the latter are expected to rise by over 25 per cent in 1988-90. This is £8bn. more than would be expected if receipts had risen only in line with the national income. The Exchequer gain on the expen-diture side comes entirely from debt interest. The savings here will more than offset the rise in expenditure on specific pro-grammes covered by the "Plan-ning Total", which is indeed projected to rise slightly faster than the national income.

The fiscal bonus might not be so large in some future years. Corporation tax is levied a year in arrears, and the IFS expects profits growth to slow down from 30 per cent in the present financial year to 6 per-cent in the year to come. Other sources of revenue might suffer to a lesser extent in the recession, even if only a recession in the rate of growth.

in a boom, it would be just as sensible to let it run off in a slow-down. Taking one year with another, however, the prospect is now for a series of budget surpluses over the whole economic cycle, even after tax remissions. I insist on the word "remissions", rather remissions are not made, the effective tax burden will rise at a proportion of the national

Meanwhile, the IFS makes an excellent case for not



adding too much to the budget surplus in 1989-90, while main-taining high interest rates. reason is that "monetary policy is much tighter and demand may already be slow-ing down more rapidly than the conventional forecasting models suggest. Another is that the price for forgoing tax cuts - lower interest rates -

does not seem so attractive this year when the main concern is to keep the exchange rate up, not stop it rising." However strong sterling is at the moment, downward nres sures could arise at any time "overkill" will be used to pres-

until the trains have been run-

ning for many years. Neigh-bourhood Watch teams will

have their noise meters out

and their handbooks of UK and EC noise emission regulations open and updated up and down

Wouldn't it be silly if a high speed line were built, only to be forced to run below its design capability just because, say, the EC introduced regula-

tions on environmental mat-ters, and the European Court decided to uphold these?

In spite of BR's attempt - so far, successful - to commit their grand larceny by "divide and rule," I do not think that

Kent will remain divided once

the route is chosen. The sup-

port that has been pledge threefold will then come together to seek every remedy through the courts for those

whose savings have been deci-mated.

can achieve when really roused. The upshot may well be a better solution than the

one conceived in an amateur way and in haste by people who are paid to know better.

And a further upshot will be that the Conservative cause in

Kent will have been dealt a

mortal blow. I will never again

vote for a party which preaches, among other things, environmental protection,

home ownership and the sanc-tity of self reliance, yet which

allows one of its own entities

to cause personal damage on the scale we have seen in recent months. Tens of thou-sands of people will feel the

Angus Dunn,

I guess that the result will be an awesome demonstration of what reticent, thinking people

surise the Government into premature or excessive cuts in base rates. Moreover, if domestic spending slows down before the current account shows much improvement, we shall hear a lot of impatient calls from the devaluationist lobbies and the protagonists of a so-called competitive pound.
On the Budget itself, the IMF
remarks that the modest tax

remissions it expects would still leave room for an increase in the rate of debt repayment," while doing some-thing to preserve international confidence in the continuing British supply-side improve-ment. "It would signal that tax

. As	s a perce	a percentage of nominal GDP at factor cost									
	Mational saving	Personal eector	ind/com compenies	Financial institutions	Public sector						
1986	23.7	11.1	8.9	2.4	1,5						
1981	23.1	10.3	8.5	23	1.9						
1982	22.6	9.5	8.4	2.3	2.3						
1983	22.7	8.2	10.0	2.5	21						
1984	22.7	8.3	11.3	22	0.8						
1985	22.3	7.4	10.9	29	1.2						
1986	21.4	5.8	10.5	3.8	1.2						
1987	22.4	4.2	12.9	3.9	1.4						
1988*	23.1	3.2	12.1	4.6	3.3						
4	1 10 10 10 10 10 10 10 10 10 10 10 10 10										

of less urgent investment. But at the present time, to quote the IFS again, "the shape of the yield curve — with short rates some 3 to 4 per cent bishes then your loss hand higher than very long bond yields - may discriminate in an advantageous way between consumption and investment. On the whole, consumers are more exposed to short-term interest rates than companies, which at least have the option of borrowing in the long bond market, or raising equity policy is still mainly about incentives, while the main counter inflationary policy is monetary policy - high interfinance, rather than relying solely on bank finance."

exchange rate."

ing her time in office.

public sector itself.

incentives are likely to be

money down the drain, as their main effect will be to shift

existing savings from one

medium to another. In any

case, we need new distortions

in the savings and investment

market as much as we do a

hole in the head. The political pressure to improve personal equity plans may be irresist-

ible. But the less that is done

The normal way in which

the economic system, when

relieved of the attentions of

fusspots of left or right, copes

with the problem of a defi-ciency of savings relative to

investments (Keynes's problem in reverse) is by higher interest

the better.

est rates, and a strong hereas the parts of the Green Book deal-ing with macro- ecoow about the argument for a "Savings Budget"? The Prime nomic policy are written with gusto, the sections on the spe-cific tax measures seem dispir-ited, pessimistic and low-key. Indeed, the IFS's tax specialists Minister called an unan-nounced conference at Chequers last autumn of some of her favourite figures from the financial world, without the Chancellor present, to express her dissatisfaction with the dramatic drop in savings dur-ing her time in office. seem to have given up hope under the present Government

and Chancellor.

Nevertheless, they do establish very clearly that the case for raising tax allowances is distributional. The effects on Nevertheless, that drop is a myth. As the table shows, total the poverty trap are virtually national savings were on the last count over 23 per cent of GDP — hardly changed from non-existent. On the other hand, the benefits from a rise in income tax allowances accrue across the board, while those from cuts in the basic 1980. The big drop has been in personal sector savings which are now only a small proporrate are concentrated at the higher end of the income distribution. The reform which would

tion of total saving. The fall in the personal sector has been offset by increases in the savings of companies and financial institutions and the most alleviate the unemploy-ment trap and labour market distortions generally is in National Insurance contribu-tions. The IFS has already pub-The case for an increase in savings is the more subtle one lished proposals for converting of accommodating the large National Insurance thresholds recent increase in the desire to into allowances on the income tax model, which could be accomplished without any losinvest without inflationary pressure and without excessive reliance on overseas inflows. Most campaigners for ers" at a revenue cost of well savings incentives have in mind tax privileges for some favoured institutions. Such

under £1bn. Another very different change, on whose prospects the authors are pessimistic, is the replacement of the so-called inheritance tax by capital gains on death, prefera-bly including domestic resi-

The IFS's tax specialists are too worried about being on the losing side. Reformers have least influence on policy when governments are in any case inclined to do what they say. It is more fun, as well as more useful, to be part of the wilderness rather than cry with the herd.

*Copies available from the IFS, 180-182 Tottenham Court Road, London, WIP 9LE. Price: £3 for members, £6 for non-mem-

BOOK REVIEW in principle, higher interest rates both encourage savings and stimulate some trimming The lost age of invention

years ago, top management at Britain's General Electric Company summoned their research director and told him to put his laboratories at the disposal of the Government. Commercial considerations and industrial rivalry were to be set aside. This is no fairy story. It is an account of what happened in

1939, as told by Sir Robert Clayton, GEC's technical director until 1983, and Joan Algar, still with the laboratories, in a history of 65 years of research by the company.

No one who has dealt with
GEC since the 1960s will recog-

nise what happened next, with the research director starting ioint projects on the basis of a chat in the Athenaeum, and agreements drafted on "little if anything more than backs of envelopes." The man involved was Clifford Paterson, hired from the National Physical Laboratory to build laboratories at Wembley which opened in 1923. Initially, they earched electric lamps, but within a year Paterson was explaining to embarrassed GEC directors why the esti-mated cost had doubled. He had thought of a few more topics to research, such as bat-

teries and valves.

Paterson created a single grade of scientific seniority to which all might aspire. They were elected to this level by those who had already reached it. Those elected did not necessarily gain administrative responsibilities but election was open only to technical folk. As intended, it kept the main structure of the research organisation in the hands of the scientists.

Knighted in 1946, Paterson ran the laboratories for 25 years. Clayton picks four highlights of inspired research all from the Paterson years, and all areas where laboratory innovation was turned briskly into commercial products.

The first example is the pre-war work on discharge lamps and the discovery in 1941 of the halophosphate fluorescent powders - "one of the labora-tories' greatest triumphs." They gave us what we know today as the cool white, warm white and daylight fluorescent tubes. These were the inventions, in fact, that made fluorescent light practical.

THE GEC RESEARCH LABORATORIES 1919-1984 By Robert Clayton and Joan Algar

Institution of Electrical Engineers: Peter Peregrinus Ltd. £40

The second is pre-war work on illumination and especially street-lighting, where GEC took the broad view that it was looking not just for a good lamp but for good "seeing con-ditions." Between 1932-39 GEC illuminated 2,000 miles of streets for local authorities. Clayton's third choice is the

philanthropic gesture to doctors who wanted a new way of shielding the gamma rays from their radium.
Fourth is the post-war R&D leading to the London-to-Bir-

invention of GEC Heavy Alloy,

undertaken originally as a

mingham television radio relay link, which allowed the BBC to ton Coldfield in 1949. Underpinning all these was a chemistry and materials. It

was - and still is - science of a calibre that naturally attracts the nation's great technological challenges: the magnetron and radar during the war, nuclear energy in the 1940s and 1950s, satellites in the 1970s.

The book only reports the progress of laboratories whose record by any international does not analyse. But it brings out the confidence with which GEC directors originally launched themselves into science, the licence they gave one man to make it work, and the commercial investment they were prepared to commit to their inventiveness.

Since Sir Clifford died in 1948, the approach has changed. GEC promoted his deputy but also set up a scientific advisory panel known as the "seven pillars of wisdom". Recent perturbations in GEC management suggest that the trend 40 years later is to tighten, not loosen, control of the boffins. It may take the stimulus of partnerships with major research-based groups in Europe and the US to catalyse a new era in GEC product

David Fishlock

LETTERS

Chunnel cri de coeur

ommending which part of the garden of England to destroy to their international director

one who has the privilege of riding each day to and from work on BR's Network South-East, would deny that new capacity and probably, a new line is needed. What is causing the distress and anguish is that BR insists that the trains run

If the comparison were

Since one assumes the trains

closer to the nine minutes derided by Mr Welsby than to the 40 minutes that he (and, no

noise, will reduce property val-ues along the chosen route for may be anything up to a mile from the line itself – depend-ing on topology and on whether the line is in a deep catting or 60 feet up on a via-

The capital costs, as Mr Welsby so charmingly acknowledges, are a figure drawn out of the sir. The cost of compensation is quite unquantifiable, because unless the Government successfully withdraws the common law rights of affected individuals, the lawsuits will fly from here

Presidential parallels

From Mr A.W. Houston. Sir, In your leading article (January 21) on the US mauguration, did you correctly place the similarities of President Reagan's administration with General Eisenhower's? The 40th President did not see the paralleis; Mr Reagan's 20thcentury hero was Calvin Coolidge (who succeeded Warren Harding as President in 1928, and was re-elected in 1924).

Consider the 1920s/1980s par-allels. Both decades started with a financial crisis and a sion; both suffered a stock market crash towards the end. Mr Reagan bequeaths to President Bush a Democratic majority of both Houses of Congress; Coolidge bequeathed to his successor, Herbert Hoover, a Democratic Senate.

The Democrats, now as then. are protectionist, and persuaded President Reagan to sign the recent trade bill giving the US President great power to act against perceived unfair trading. In June 1930 the Democrats pressured Hoover to sign the notorious Smoot Haw-ley trade act which raised US tariffs to about 50 per cent. The 1980s have seen the longest period of growth for 100 years; the 1920s the second longest— each period being extended by an unsustainable rise in credit. A.W. Honston, 27 Finsbury Square, EC2

Cogito . . From Mr Michael Amos and

Mr Nigel Warburton. Sir, Christian Tyler (January 21) neglected the most impor-tant function of philosophers in universities; teaching under-

graduates to think. The skills acquired in studying philosophy for three years are certainly transferable to

other areas, including business. A recent survey showed that philosophy graduates score higher on managerial aptitude tests than those from attention discipling avantages. any other discipline except mathematics. For a Government measur-

ing everything in terms of cost effectiveness, is it not both had economic policy and bad thinking to wield the axe against philosophy departments?

Michael Amos Corpus Christi College, Nigel Warburton, Darwin College, Cambridge

From Mr Angus Dunn. Sir, However much one's heart bleeds for the beles-guered state of British Rall's international director, you really cannot let Mr Welsby get away with the flawed arguments ascribed to him in Kevin Brown's article (January 31), and at the same time patronise those who have worked out the arithmetic correctly by calling their conclusion "a deliberate misunderstanding." Does BR give the job of rec-

on the argument he is the least likely of the bunch to be recognised by his own compatriots and lynched? (How uncharacteristically wise.)

Few people in Kent, and any-

on this line at 60 mm faster than any other trains running in the UK — yet resolutely refuses to pay for the damage this decision will cause.

between a new InterCity line and a new TGV (train à grand vilesse) line, maximum con-ceivable time saving (on the assumption that the trains reached their top speed the moment they left the buffers and maintained that speed until stopped by the buffers at the other end) would be 19 minutes and 31 seconds.

are likely to take time accelerating and decelerating that they will spare Dulwich and other built-up areas, and that a the lawsuits will fly from here few curves are inevitable, the to our graves.

Finally, the risk will remain

doubt, Saatchi & Saatchi in due course) will try to make the rest of England believe. To achieve this saving there will be a cost. The additional

noise, and fear of additional a decade. Affected properties

This loss of property values is as real a cost of the project as the cost of the concrete, steel and copper that will go into the project itself — with one difference: BR has no interesting of the contract of the project itself. intention of paying for it. (A realistic guess would put the totality of this loss somewhere between half and twice the cost of the project itself.) For an individual to damage the property of another is a crime; usually called their. Their on this scale would represent probably the grandest larceny in peacetime history. It will be interesting to see

whether contractors and finan-ciers have the guts to put for-ward proposals to finance the link privately. The risks for them will be several orders of magnitude higger than any such proposal has ever faced before

... as a book where men may read strange matters'

From Mr Louis Baum.

Sir. Paul White (Letters, Jannary 30) is justified, at least to
nance agreement for distributions. some extent, in his criticism of book distribution in the UK, but fails (indeed, he does not even try) to prove a link between that and resale price

maintenance.
Nor could be (if he tried), because two of the most effi-cient book distributing nations are West Germany and the

Netherlands, both of which The efficiency of book distribution in those countries is a con-sequence of centralisation and of highly developed wholesal-

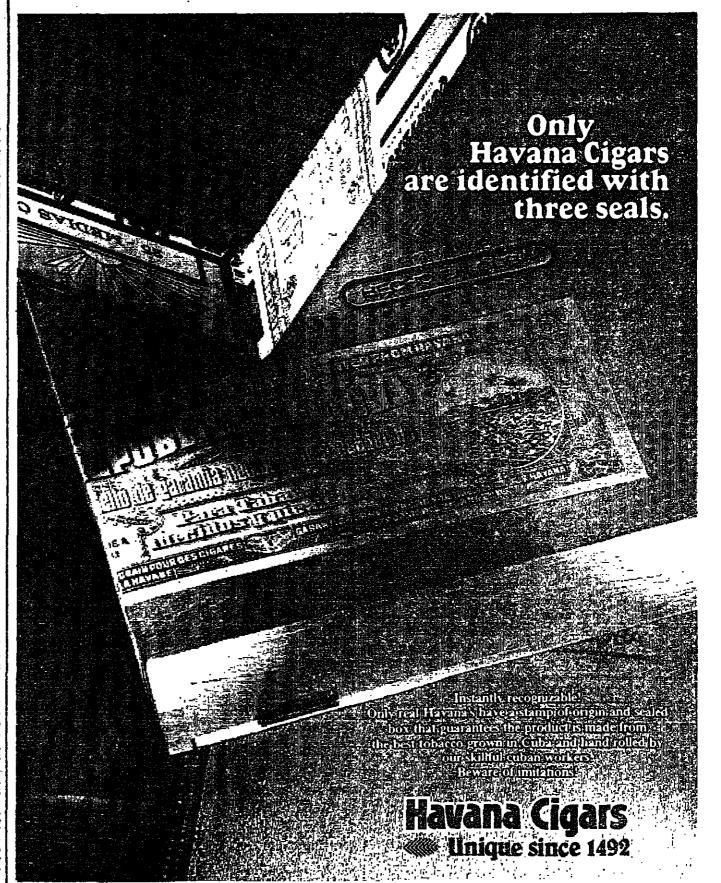
ing.

Mr White also tilts, quixotically, at an Opec-like cartel of book publishers supposedly operating in the UK. Whitaker's currently lists

14,258 book publishers imprints active in the UK. Most of those publishers are individualistic to a degree verging on self-destructive hos-tility where co-operative action concerned. A collection of business people less like a car-tel would be difficult to imag-

Editor, The Bookseller,

12 Dyott Street, WC1





FINANCIAL TIMES

Thursday February 2 1989



Shevardnadze in Peking to finalise summit plans

By Robin Pauley, Asia Editor, in London and Peter Ellingsen in Peking MR EDUARD Shevardnadze, have finalised arrangements the Soviet Foreign Minister, for the summit, including its arrived in Peking yesterday to put final touches to arrange-ments for the first Sino-Soviet summit for 30 years, and a realignment between the

Communist superpowers.

The visit comes after a year of feverish diplomatic activity at increasingly senior diplomatic levels between the two countries. By the time he leaves at the weekend, Mr

date, which is most likely to be between mid-March and mid-May. The summit will take place in China, if only because Deng Xiaoping, the Chinese leader, who is 84, is increasingly trail and not making any

foreign journeys. Mr Shevardnadze is to hold two rounds of talks with his Chinese counterpart, Qian Qichen, and to meet Li Peng, the Premier. He will also travel to Shanghai for a meeting with Deng. He will not meet Zhao Ziyang, the party leader, as this would acknowledge a formal restoration of relations which should await the sum-

The Soviet side has fulfilled a good deal of China's condi-tions for a summit. The Soviet withdrawal from Afghanistan is almost complete and Mr Shevardnadze will go on to Islamabad from Peking on Sat-urday to try again to secure a political compromise for the future of Afghanistan. Soviet troop concentrations on the Chinese border, the longest in the world, have been reduced and tension is at a low level there. Indeed, there is even some Sino-Soviet border co-op-

Mr Deng is likely to try and persuade both Mr Shevard-nadze and Mr Gorbachev of the need for further substantial reductions. It is possible that

this week as a further gesture of Soviet goodwill.

Progress has also been made on Kampuchea, where an end to the Soviet-backed occupa-tion by Vietnam is in sight. On this the Soviet side will be urging the Chinese to abandon Pol Pot's Khmer Rouge faction; the Chinese have already gone

some way in this direction, promising to phase out military supplies to the guerrillas as the Vietnamese withdrawal

Farewell to the doctrine of people's war

China's armed forces are undergoing a radical modernisation, writes Lynne Curry

tung once wrote: "Political power grows out of the barrel of a gun," and for most of his life the People's Liberation Army, with its doctrine of people's war, was the centrepiece of Mao's tactical

ideology.

As China has moved away from Maoism in recent years, however, the PLA has changed dramatically, abandoning the strategies and tactics of Mao's constant and attempting to adopt its era and attempting to adapt its fighting techniques to an age when sophisticated technology, not peasant guerrillas, have become the key to modern war-

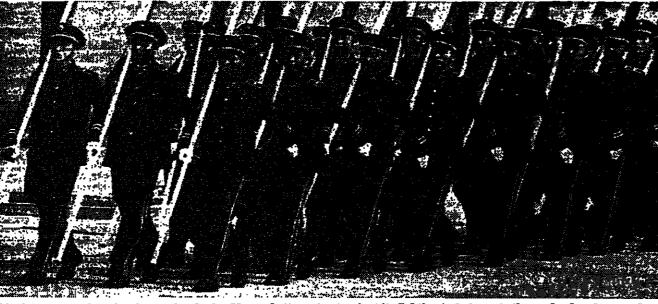
In the process, the 4m-strong force, which includes the army, navy and air force, has been streamlined and extensively reorganised. Old leaders have been retired, new ones promoted, ranks have been reinstituted and other features of Western armies have been

"Over the last eight years the PLA has undergone a total transformation from men in their 80s shuffling about in carpet slippers to men in their fif-ties at the top," according to one Western observer. "There has been a remarkable modernisation of PLA manpower."

However, the process of transformation has proved to be a difficult one for the PLA. The force is struggling to find its proper political and eco-nomic role, and faces serious constraints on its efforts to modernise. "The PLA used to be revered as an outfit which gained the Chinese liberation in 1949," notes one defence analyst. "Since then, the image of the PLA has fallen a lot."

Today, the PLA is moving in direction that would have appalled Chairman Mao. Its egalitarian spirit and involve-ment in politics is a thing of the past. It is enforcing retirement age limits to make way for the younger generation, the analyst said.

Foreign observers claim the PLA is "going back to the bar-racks" - sticking to military



China's People's Liberation Army: abandoning Mac and attempting to adapt its fighting techniques to the needs of modern warfare

matters and meddling less in politics and economics.

Improved co-ordination is central to this effort. In the past the army, navy and air force were allowed to fight their own wars; now a reorganised and mutually supportive general unit is evolving, according to defence analysts. Over the last eight months, the PLA has also developed

several elite rapid reaction forces, known as "Fist Battal-ions." Highly trained and believed to comprise up to 700 men, they are similar to the West's anti-terrorist groups, equipped to leave at short notice to deal with localised "Elite battalions are a totally

different concept to the Chithe past, all units were meant to be equal to others. On paper, no one got special treatment. But they do now." In 1982, a marine corps was established for the first time. Like certain airborne forces and the army, it is believed to be receiving extra money, rations and the best equipment.

The navy has also been subect to a defence review. Peking, reportedly concerned about the long-term development of Japanese and Soviet naval power, is seeking to reduce its potential vulnerability along the Chinese coast. The possibility of conflict with Vietnam in the Paracel and Spratly islands, in the South China Sea, has also strengthened Peking's determination to beef up its naval power.

The military shake-up has seen old Soviet-designed air-craft scrapped or updated with Western electronics, a new emphasis on developing shoulder-fired surface to air mis-siles, and the introduction of anti-tank missiles and combat engineering equipment. Helioters are now being inc ingly used for mobility.

One of the most important changes to the PLA has been the retirement of approximately 1m soldiers in the mid-1980s. This has reduced the PLA to about 3m men on active duty. Among those pen-sioned off, usually as consultants or advisers, were many older generals seen as obstacles to creating a modern fight-

When veteran defence minister Ye Jian-Ying stepped down, this marked a turning point," one Western analyst says. "His move not only per-suaded others to step down, but to give up the perks of housing car and driver."

The final step in the PLA's rejuvenation has been the rein-

troduction last year of ranks, which were eliminated in 1965 at the start of the cultural revolution. The move has been seen as a symbolic gesture to mark the watershed between the rule of veteran generals and a new order.

Defence analysts claim the LA is also under pressure to finance its own modernisation, and is trying to raise money by selling weapons abroad and making products for the home market. It is now involved in non-military commercial operations, ranging from bottle manufacture to managing coal

Arms exports, prompted by

the PLA's need to earn foreign exchange to upgrade its own equipment, have included controversial deals such as the sale of silkworm missiles to

Extra money is also needed if the PLA is to improve the calibre of its recruits. The low wages earned by the average PLA soldier have made the army an unattractive profession in today's more marketoriented society.

The PLA has also been harmed by the uneven quality of its officers. Although efforts have been made to provide more comprehensive training programmes for senior officers. the low educational level of the average soldier severely limits weamons.

One of the biggest problems is education," one Western dip-lomat comments. "It's very nice to get fancy technology in your arsenal, but unless you know how to operate and maintain it, it's a one-day won-

Withdrawal

THE LEX COLUMN

An uneasy calm on the foreign exchanges

Yesterday's weakness in both the US dollar and sterling came as little surprise, given their strong showing over the last few weeks. However, in a business as fickle as the foreign exchange market, where daily turnover can exceed the underlying volume of world trade by a factor of 40, sentiment can change overnight. There are several reasons ranging from this week's G7 gathering in Washington to next week's meeting of the FOMC, to suggest that caution is in order.

The world's equity markets may still be in high spirits, but the considerable underlying tensions in the foreign exchange markets could soon exchange markets could soon surface, even though the G7 may try to cover them up by not issuing a communique. The bullish case for the dollar is partly technical, but is also underpinned by a belief that the US is committed to high interest rates for anti-inflation reasons. Given the very high US canacity utilisation rates. US capacity utilisation rates, no purpose would be served by permitting the dollar to fall. However, the US Administra-tion's plans for cutting the budget deficit are based on economic growth rates which conflict with the Fed's anti-inflationary stance, and the West Germans are meanwhile getting increasingly upset about their own inflationary pressures resulting from the weak-ness of the DM.

It seems hard to believe that the world's biggest debtor countries can boast the strongest currencies for a prolonged period. West German interest rates have already risen far more quickly than US rates over the last few months; and if the Japanese yen were to come under the same sort of pressure as the DM, the resultant rise in its own interest rate structure could have devastating consequences for the world's higgest stock market. As for sterling, which hit a 2½ year high of DM3.2875 on Tuesday, there seems to be a conflict of ricest between these flict of views between those who think interest rates will soon head lower, and those who believe 13 per cent base no rates are here till the end of ing.

W H Smith

For some time the advantage of the traditional retailers over the aggressive newcomers has been apparent, but yesterday's 34 per cent increase in interim earnings at W H Smith shows just how great that advantage is. For the first time in recent memory retail analysts' forecasts were too low; a 50 per W H Smith Share price relative to the

cent profits increase in retailing profits, and the rare sign of some real underlying volume growth, were deserving of the 8p rise in the shares to 290p. Unlike other retailers which now find themselves at the

mercy of rising costs, W H Smith appears to have its own well controlled, mainly by dint of more cautions expansion. Much of the margin improve-ment has been at the expense of suppliers to Our Price, which is now hig enough to drive the hardest bargain, but margins also appear to be ris-ing at W H Smith itself, through better use of space and the happy effect of Epos on stock control.

It is unfortunate for the com-

pany that it is finally establishing its credentials in the City at a time when nerves in the sector are so frayed. The market no longer regards W H Smith as perticularly accident prone, and it accepts that the company's recovery has now given way to a little growth. But it is still inclined to fear the worst: a garbled story last month that the Net Book Agreement was dead sent its shares down by nearly 20 per cent. While the ridiculous response was quickly corrected

W H Smith might actually
be big enough to benefit from
deregulation — the NBA
means uncertainty; and that,
combined with Nigel Lawson's
onslaught on the consumer,
means the shares can hope for
no more than their market rating.

Pensions.

In its report on takeovers and pension rights, the Occu-pational Pensions Board gives every appearance of juggling with a hot potato. In seeking to deter the corporate predator. from milking victims of their pension entitlements, the OPB relies chiefly on exhortation and the erection of minor

islation. Some modest propos-als are put to maintain the value of payments to pensioners, but at the expense of starting from a lower base; and as for fund members still in employment, the OPB frankly concedes that nothing can be done to stop a new owner cancelling increases out of hand.

The Board's central problem is the paternalistic and discretionary nature of the present system. As the report points out, an employer is called upon to guarantee pension rights, but not pension expectations. When a predator pays a pre-mium for control of a company, he partly recouns it by tearing up implicit contracts of this kind; he is no more bound to provide discretionary increases in pensions than he is to maintain employment in

the first place.

It is all very well to say, as the Board does, that it will one day seem extraordinary that generations of pensioners should have been exposed to such a capricious system. In the early 1980s, employers were prepared to make good the inflationary ravages of the pre-vious decade precisely because they would not be obliged to repeat such generosity should times get hard again. Pension fund members will remain at the mercy of predators for as long as their existing employ-ers regard pensions not as an entitlement, but as a reward.

Electrolux

There are plenty of people who question Electrolux's global ambitions in the domestic appliance industry, but its recent performance does not support their case. A 21 per cent rise in 1988 profits com-pares well with the performance of its US competitors, such as Whiripool, whose earn-ings fell by 14 per cent despite winning market share. The slowdown in Electrolux's sales growth reflects the period of consolidation that is now under way, and the benefits of the new manufacturing plants should continue to help the improvement in margins and the return on equity, which is now back to acceptable levels. However, with US domestic appliance sales expected to fall by between 4 per cent and 6 per cent this year, and with talk of a slowdown in the rest of its major markets, the com-pany will be pressed to main-tain double digit profit growth this year. A prospective multi-ple of 8.3 probably discounts this.

US deficit cuts may hit social 'promises'

started to soften up Congress for cuts in social programmes and the scaling back of cam-paign promises in the President's revised budget in a week's time.

The process of "selective disclosures" has come as the bipartisan National Economic Commission on reducing the budget deficit has finally acknowledged that it has become sidelined into a fringe

Both developments reflect manoeuvring between the Administration and Congress. Both are trying to shift responsibility for taking difficult

keen to appear willing to agree deficit-reduction package for the coming year.
Mr John Sununu, the White

House Chief of Staff, said: "We're going to prepare people for some of the tough things we have to propose to reduce the deficit and there will be selective disclosures - what you call leaks in this town." As part of this process, Mr Richard Darman, the Budget Director, and other Administration officials, have been signailing that the February 9 budget will endorse the outgoing Reagan proposals for reducing the growth of the Medicare programme of health

THE BUSH Administration has sions - though both sides are for the elderly. Campaign be limited just to the sale of pledges made last year by Mr Bush for a large expansion of Medicaid help for lower-income families and increased financial assistance for the educa-tion of poor children and students, will have a low priority and be pruned back. Discussions are also under way on trimming back the Reagan pro-

posals on defence.

The Bush budget will include new tax incentives for oil and gas exploration, which may be coupled with proposals to remove the remaining price controls on natural gas. Pro-posals have not, however, been agreed on whether the planned

stocks and shares or should be extended to include other assets such as private homes and art objects

The National Economic Commission, set up by Congress last year to produce a deficitreduction programme, is divided along party lines and is unlikely to reach agreement before its reporting deadline on March 1 since a six months extension is now not expected. The majority of the 14-mem-ber panel, including all seven Republicans and one Democrat, are expected to endorse the President's "flexible freeze"

Shamir By Andrew Whitley in Jerusalem MR YITZHAK SHAMIR, the Israeli Prime Minister, yester-day offered to pull Israeli troops out of Arab towns in the occupied territories if their Pal-estinian inhabitants accept

offer by

Israel's long-standing proposal for local autonomy. He suggested that Israeli troops would be withdrawn to certain "concentrated points" in the territories once an autonomy regime for the Pales-

tinians is in place.

The offer, which Mr Shamir billed as a two-stage peace plan, contained nothing new, but appeared to be part of his effort to adjust his hard-line image and to recapture the political initiative from the Palestine Liberation Organisa-tion ahead of a planned visit to Washington. It indicates that he feels under pressure as a result of the PLO's recent diplomatic successes.

In Tunis, the PLO immediately rejected Mr Shamir's plan. A spokesman said: "I advise Mr Shamir to stop digging into his old stock and bringing out these goods which are out of date. No Palestinians or Arabs will speak to him on this basis."

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Steel industry seeks meeting with Bush

By Nancy Dunne in Washington

THE US special steel industry and the United Steelworkers of America yesterday sought an early meeting with President George Bush to urge a five year renewal of the US import restraint programme.

Mr Bush has promised to

renew the "voluntary" quota programme, but Mr Richard Simmons, chairman of the Specialty Steel Industry group, said "signals of opposition" have made the industry anx-

US steel importers are forming a pressure group to seek from Congress Voluntary Restraint Agreements (VRA) for only three years. They want more flexibility in quotas. The current restraint agreements, designed to limit imports to 20 per cent of the US market, expire in Septem-

Mr Simmons said the US industry had returned to profit-

16 61 C-Cloudy D-Drizzie F-Pair Fg-Feg H-Hell R-Rain 16 61 S-Sun Si-Sieut Sa-Snow T-Thumber

ability, but would again become a dumping ground for subsidised foreign steel at the first sign of an economic slow-

down, if restraints were aban-doned. "Our privately owned steel producers and their domestic

markets are prime targets for less efficient governmentsubsidised foreign producers. They will do whatever necessary to move into the high value end of the steel market."

Mr Simmons said the UK should still be covered by the restraints, despite privatisation of British Steel. He suggested British Steel still retained an unfair advantage due to the \$4.5bn of subsidies it received between 1980 and 1985.

The industry would like to extend the VRAs to all producing countries not currently included, particularly Finland, Sweden, Taiwan and Canada, to prevent trans-shipment

Tax threat to cross-border investors Continued from Page 1

authorities to ensure that, at least, countries such as West Germany and Luxembourg do not go beyond the letter of their own national bank secrecy laws in blocking tax information requests from

other EC states.
The February 13 meeting is expected to display an array of differing ministerial reactions, with the UK and Luxembourg objecting to the principle of any new tax harmonisation, France, Belgium and Spain complaining about the Euro-securities exemption, and Ger-

many calling for a rate in line with its new 10 per cent with-holding tax. The Scrivener plan stems chiefly from French insistence

that, in return for agreeing to a general lifting of exchange congeneral inities of community in mid-1990, a minimum savings tax should be imposed to dis-courage the flow of French capital into neighbouring countries such as Luxembourg which has no taxes on non residents. The UK and some other EC states saythere is no link legal or logical ~ between

the tax plan and France's commitment to join in freeing all capital movements.

The UK Government points out that in 1979, as part of removing all capital controls, it allowed Britons to open bank accounts wherever they wanted and no detectable rise in tax evasion followed. Countries such as France, where that freedom does not yet exist, fear that after 1990 many of their citizens will shift funds abroad to avoid the attention

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ACCOUNTANCY COLUMN

US firms face legal action over S&L audits

US ACCOUNTANCY firms
were suddenly thrust into the
limelight of the massive fallures of savings and loans assoAdderson, Alford and Ritter
Coopers & Lybrand
Coopers & Lybr lawsuits pending against 11 firms for alleged irregularities in their audits of S&Ls.

Three Big Eight firms, Coopers and Lybrand, Deloitte.
Haskins & Sells and Touche

Ross, as well as Grant Thorn-ton, are being sued by the Federal Home Loans Bank Board (FHLBB), the agency that over-sees S&Ls across the country. The FHLBB is also investiga-ting another 15 to 20 audit firms, including others in the

The board is expected to present an estimate for the the US Congress today. The fig-ure is expected to be more than \$100bn (£57bn), more than twice previous estimates.
The General Accounting Office (GAO), the investigative arm of Congress, is also due to hand to Congress a report on the failure of accounting firms to detect problems at 11 S&Ls in Dallas, Texas. The names of these auditors are not to be disclosed.

The 11 institutions had been given clean bills of health by their auditors just before fail-ing. However, a government official said that they had found "major problems with more than half of the audits." The GAO also looked at the

US ACCOUNTANCY FIRMS BRING SUED OVER SAL AUDITS State, Vermont May '87 March '88 Mountain Security, Virginia CB Financial, Oklahoma \$10.3m June '87 Sunrise, Florida Grant Thornton Jetterey & Palazolla Mike Sage Sunbelt Sauings, Texas North America, California June '88 March '88 Regier, Carr & Monroe Regier, Carr & Monroe Oklahoma Federal, Oldahoma Territory, Oklahoma Beverly Hills ,California

audits of 18 other failed S&Ls in less depth and again found difficulties with more than half of them. Some of these were andited by Big Eight firms, which have not been named. Of the 11 FHLBB lawsuits, Touche Ross is facing the largest claim for damages: \$300m for its audit of Beverly Hills

Savings and Loan, California. Deloitte Haskins & Sells is being sued for \$250m over its audit of Sunrise Savings and Loan, Florida. The FHLBB has also not

ruled out soing Arthur Young over its audit of Vernon Savings and Loan, Texas. The failure of this institution will cost the regulators \$1b.

The suit against Touche Ross alleges that the firm advised Beverly Hills Savings and Loan that it would be acceptable to restructure a

large series of investments as loans. This involved apartment

across the country.

Ms Anne Sobol, the associate general counsel for the FHLBB, said: "Even if they were properly accounted for as loans, the auditors ought to have realised that the invest-ments were troubled and doubtful, and at that point they should have done a net realisable value analysis to check the potential losses against reserves."

The allegations against the accountants are varied. They • In several of the suits the 'accountancy firms are accused of giving bad advice on the accounting treatment of invest-

• The firms are alleged to have signed clean audits at a time when huge losses were mounting. According to the FHLBB, the losses should have been visible to the auditors but were not reported in the buildings worth some \$140m audits.

 The auditors failed to tell the authorities about violations of regulations. Touche, for example, is accused of failing to notify breaches of loan limiting regulations.

• The auditors did not check

against reserves.

Some auditors were alleged to have covered their tracks. Coopers is accused of "acts designed to conceal its reckless and fraudulent conduct."

the scale of potential losses

At the time of the losses, it was common practice to book loan fees as income in the year the loans were arranged, helping to boost current income. As a result, lending institutions made a number of risky loans for the short-term improvement in profits.

The practice has since been outlawed under a Financial Accounting Standard, SFAS 91. issued in December 1987 by the Financial Accounting Stan-dards Board. SFAS 91 requires criticism over the failures. The FHLBB allowed S&Ls to

all loan fees to be spread over

The flak has not all been fly-

ing one way: the regulators

the life of the loan.

deviate from generally accepted accounting principles, say its critics. This was to allow them to sell their fixed interest portfolios at a loss as interest rates rocketed in the early 1980s, allowing them to invest instead in interest rate sensitive instruments.

Also, it is claimed that the law regulating the change of control of S&Ls was never properly enforced, allowing unsuitable groups to take control of S&Ls.

The industry's trade group, the US League of Savings & Loans Institutions, says that it has long been asking the administration to examine the industry more rigorously.

One official said: "Although they (Congress) deregulated the industry, they guaranteed all deposits up to \$100,000. If they wanted to write a blank check, they should have kept an eye on the industry."

At the FHLBB, meanwhile, feelings against the accountants run high. Mr Gene Katz, deputy general counsel for the board, said: "Accounting firms have directly caused losses to the institutions."

A congress official would not go so far, but said: "The ques-

partner: "We continue to believe that our work was performed in accordance with professional standards."
Provided no one settles with

the authorities in the mean-time, it will be left to the courts to decide whether the auditors are right.

tion is, who was asleep at the

The American Institute of

Certified Public Accountants is

not taking it lying down. It claims that it has been warning about the problems in store at its annual conference on the S&L industry for the last 10

Mr Tom Kelley, a AlCPA official, said: "Frankly, we

have been waving a red flag.

But the answer is not an accounting answer, it is basically legislative."

Institute of Certified

Public Accountants

The individual audit firms

currently in the line of fire are

also not about to accept any responsibility for the whole

affair. Most insist, like Mr Joseph Elmlinger, a Deloitte

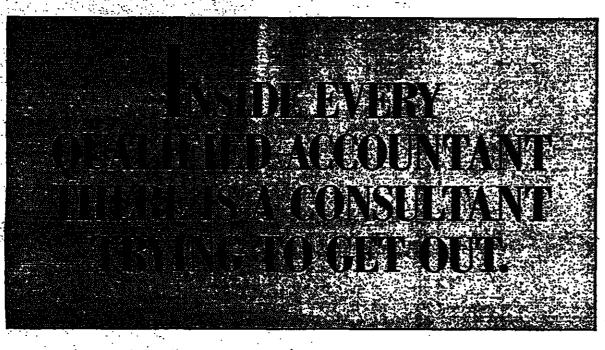
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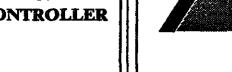
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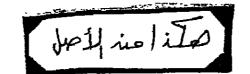
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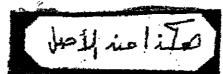
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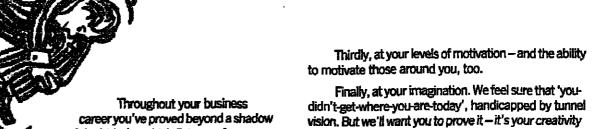
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business performance and to enhance. ing Company's cosing system. A qualified accountant, you will have substantial experience at controller level in a design or manufacturing environment. A strong personally, you will be comfortable in structions where you are required to search out. weaknesses, make recommendations for improvement and ensure that they are implemented. Your interpersonal skills will equip you to stand your ground while maintaining good working

Please write, enclosing your curriculum vitice, and doy-time telephone number, to Tony Potter, quoting Ret. 1941P. Coopers and Lybrand Executive Resourcing Limited, 22A The Ropewalk, Nothingham, NG | 5DL

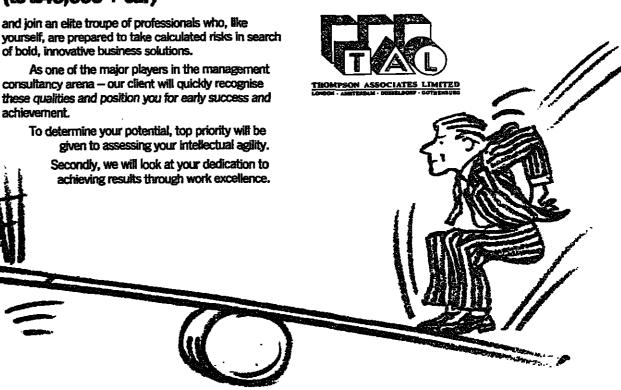
&Lybrand



of doubt to be a high flying performer. which will set you apart! Of equal importance to your success, Your insight into business issues and your ability to however, has been your ability to work as part manage change have probably developed from an of a team ... bouncing ideas off colleagues and Accountancy, Financial Management or Project solving problems through harmonious Management role. You are used to tight deadlines. And you are resilient to pressure.

In your late 20's to mid 30's, you possess a good first degree and perhaps an MBA or appropriate professional qualification. A salary to £40K and a car are on the table and prospects of partnership inside three years is surely the springboard you've been looking for.

So, please write with a full cv, in absolute confidence, to us as the Company's Selection Advisers and we'll arrange an informal discussion: John L. Thompson (Ref. 1335), Thompson Associates Limited, Compton House, Selsdon Road, South Croydon, Surrey CR2 6PA. Telephone: 01-686 6600.



HIGH FLYERS, EXACTING CHALLENGE!

Group Finance Director

c£40,000 + luxury car + share options South Coast

This USM group is experiencing rapid organic growth and is acquisitive by nature. The group wishes to replace its Finance Director who is now assuming other group commercial responsibilities. You will be expected to make a significant contribution to group strategy, to manage further raising of capital which will include liaison with City institutions and legal advisers, and to manage the finance function of about 20 people.

A Chartered Accountant, aged around 35 to 45, you must already

have experience of leading a finance department in a USM or similar company and have experience of acquisitions and of raising capital.

The job will suit someone who has. mastered the operational aspects of finance but who wants to develop further his/her business strategy and corporate finance skills. The salary package will include a Mercedes Benz car and a share option scheme is in

We will be discussing applications with our client prior to interviewing,

so please list in a covering letter any organisations to whom your details should not be shown. If you are interested in the position, please send a full CV with salary details, quoting MCS/7011, to Miles Holford at the address below or, if you prefer, telephone him on 01-378 7200 extension 5193.

Executive Selection Division Price Waterhouse Management Consultants No. 1 London Bridge London SE1 90L

Price Waterhouse



Invest in a Market Leader

M&G, the leading and most successful unit trust group in the UK, continues to enjoy an enviable period of growth and prosperity, employing around 600 staff and with about £7 billion of funds currently under management. The Group offers a wide range of investment services and the total value of its 27 authorised unit trusts exceeds £3.6 billion with 400,000 direct investors and 75,000 savings plan investors.

This high volume of business, together with the ongoing commitment towards providing the highest standards of service, has created this new challenging position within the unit trust group.

Trust Accountant

Playing a significant role in this, the main profit contributor in the group, you will be responsible for the accounting of the 27 unit trusts, 26 segregated pension funds and 3 investment trusts. Clearly, this will entail regular output of accounts throughout the year within rigid timetables. Supervising a compact team of around 10 staff, you will take the accounts from trial balance to completion and will enjoy good liaison with fund managers and investment accounts staff.

Fully qualified and probably at either an early or late stage in your career, you are experienced in taxation and have the initiative, diligence and perseverance necessary

to ensure a demanding timetable is met.

The Group offers excellent potential for career development, high job satisfaction and a particularly good working atmosphere. The salary and benefits package is especially competitive and includes a company car, profit share, mortgage subsidy etc.

In complete confidence, please ring or write with CV to John Diack, Simpson Crowden Consultants Limited, Specialists in Executive Search & Selection, 97-99 Park Street, London W1Y 3HA. Telephone: 01-629 5909.

Simpson Crowden CONSULTANTS



Director of International Audit to £35,000+Car+Benefits

A market leader in the field of video entertainment, with qualified accountants.

a turnover in excess of £200m our client is young and dynamic with a forward thinking sophisticated approach to the leisure industry.

Due to increasing demands placed on the finance function during this critical phase of global expansion they seek to appoint a Director of International Audit-

Reporting directly to the Vice-President - Finance you will assume total responsibility for the review of controls and operations worldwide. Specifically this will include the design, planning and coordination of audit programmes managing a small team of 2/3

The successful candidate will be a qualified accountant who can demonstrate a record of success in their career to date coupled with an innovative approach to organisational problems. The role will require extensive liaison with the operating management necessitating strong interpersonal skills and a keen business sense.

Please write enclosing full career and salary details, quoting ref. 2913 to Stephen Banks ACMA, at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone on 01-831 2000 in complete confidence.

Michael Page Finance

International Recruitment Consultants London Bristol Windson St Albans Leatherhead Riconia Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide



The major force in Leisure

Financial Controller

c£30,000+Car

sector, is seeking to continue its impressive organic and acquisition based growth. With a turnover in excess of £1 billion the Group is well based growth. With a turnover in excess of £1 billion the Group is placed to consolidate and expand its market share into the 1990s. To meet the future demands of the business, Mecca is currently undergoing internal reorganisation which has given rise to an excellent opportunity. They are seeking an ambitious accountant to take on the controllership of the Catering and Commercial Hotels Division. The strategic importance of the division and its operational autonomy make this a particularly significant appointment. Reporting to the Managing Director the successful candidate will be responsible fit managing and developing an efficient financial function. In addition it will be

expected that the candidate will contribute significantly to the strategic development of the business through the production of 3 year plans, regular forecasts and the formulation of profit targets. The successful candidate will be a qualified accountant aged 30-45 ent in their career to date. The with a strong track record of achieve we listion with divisional and operating nt, necessitating well developed interpersonal skills coupled

For further information, please contact David Head at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref. DH/FT1.

Michael Page Finance

London Bristol Windsor St Albans Leatherhead Birm Manchester Feed. N.

FACULTY OF BUSINESS AND MANAGEMENT READER OR PRINCIPAL LECTURER IN CORPORATE FINANCE -(Ref 5/89)

The Polytechnic is seeking to appoint either a Reader or a Principal Lecturer in Corporate Finance. For the Reader post the ability to provide research leadership is critical. For the Principal Lectureship leadership in client based activities is required. The successful applicant to either post will also be expected to contribute to curriculum development work. Applicants should have substantial academic or professional experience as well as being appropriately qualified. Applicants wishing to discuss either or both posts informally should contact either: Mr K Harrison, Head of Department of Accountancy and Financial Studies on (0742) 720911, Ext 2120, or Mr D Goacher, Ext 2139.

SALARY SCALE: PRINCIPAL LECTURER £18549-£20139 BAR £22260

READER:£18549-£20139

APPLICATION FORMS AND FURTHER DETAILS FROM THE PERSONNEL DEPARTMENT, SHEFFIELD CITY POLYTECHNIC, HALFORDS HOUSE, FIZZALAN SQUARE, SHEFFIELD, SI 28B, TEL 0742 720911 Ext 2965. CLOSING DATE 17th FEBRUARY.

sheffield City Polytechnic

MANAGER Private Banking/Investment Management Department .

An investment professional with banking experience is sought to head up a new City based Department to provide a broad spectrum of investment and banking services. The Department will benefit from substantial existing resources and a worldwide banking network

It is unlikely that the successful candidate will have less than 10 years of relevant experience.

Salary and benefits will be commensurate with the position Please reply in confidence by writing to:

Ref: LCC, Arab Bank Investment Company Ltd Empire House, 8/14 St. Martins Le Grand, London EC1P 1DB

Accountants

Two Outstanding Opportunities in Warwickshire

£25,000 + car + benefits

We are recruiting on behalf of Lunn Poly Limited, part of the diverse and highly successful Thomson Holidays Group. The company is the UK's largest retailer of holidays, with over 500 travel shops and is recognised as an innovative leader in its market sector. Following a period of massive growth, in the last two years, the company now wishes to recruit two accountancy professionals to strengthen its Head Office teams.

These positions are regarded as being key to the company's future success and demand highly talented individuals who combine technical ability with interpersonal skills which will enable them to build business relationships with colleagues at all levels up to the main board.

Chief Financial Accountant

The Chief Financial Accountant will be an ACA or ACCA with at least three years post qualification experience.

The successful candidate will manage a busy department of twenty five people, ensuring that each area successfully meets its deadlines and targets. Some evidence of team management, ideally in a commercial environment, is therefore essential.

Responsibility will include the salaries, purchase ledger, fixed assets, cashiers and nominal ledger departments. Apart from the statutory requirements of the position. however, the Chief Financial Accountant will be expected to display the flair and confidence to liaise with senior financial executives at group level. (Ref: MCS/8851)

Chief Management Accountant

The Chief Management Accountant will be a CIMA with at least three years post qualification experience.

The main duties of the position will be to manage a closely knit accounts department of six people and to advise Senior Managers and Directors of the company on the interpretation of data provided in order to make prudent financial and commercial decisions and to recommend the best course of action for Lunn Poly.

Previous experience in developing management information systems is essential and a background in a multi-location retail environment would be a distinct

This is regarded as being a very important position in a very high profile area of the company and calls for a high level of technical and managerial expertise.

These positions are based in Learnington Spa, an area which combines busy town life with immediate access to the beautiful Warwickshire countryside. Many sporting and cultural activities are within easy reach and Stratford-upon-Avon, with its theatres, is only a few miles away. Benefits include car, free BUPA, subsidised holidays and travel, twenty three days annual leave and full relocation expenses where appropriate. Send a full C.V. detailing your

current salary and quoting the relevant reference number to Jim Mitchell, Executive Selection Division, Price Waterhouse, Management Consultants, Livery House, 169 Edmund Street, Birmingham B3 2JB.

Lunn Poly

Price Waterhouse



Financial Controller c.£30,000 plus car and benefits Our client is Nikon UK Limited, which provides sales, marketing and service for Nikon products in the UK. The position reports to the MD and is based in the Company's superb offices at Kingston, Surrey. There are three divisions: Photographic; Instruments (based at Telford); and Electronic Imaging Products. These have a total turnover of some £25m pa. The Financial Controller heads a small team using an IBM mainframe, and, as well as the more routine accounting responsibilities (to tight deadlines), has a major duty to ensure adequate funding and forex exposure management. You must be a qualified accountant aged 28-32, with significant computerised accounting experience. You should have had some involvement with the financial aspects of marketing plans; you also need to communicate well and operate effectively as a team member. If you feel that you have the personality and initiative to meet the requirements of this role, please write to Geoffrey Rutland ACA, ATII, at the address below, quoting reference 1577, and giving concise career and salary details and a

Bpo reference 1577, and giving concise career and seriary scalars and daytime telephone number, or phone him on (01)-583 3303 (office) or (01)-878 8395 (home). BINDER BDO Binder Hamlyn Management Consultants

HAMLYN 8 St. Bride Street, London EC4A 4DA

FINANCE DIRECTOR

Acquisitive Consumer Goods Business

Cambs/Lincs border

Part of a highly respected British public group, this flourishing company is undergoing rapid expansion, by acquisition and organic growth.

A major player in the foods sector, it is strategically positioned in a number of expanding market niches. Its success is based on innovative product development, technologically advanced production and synergetic acquisitions.

The Finance Director will work closely with the Managing Director on commercial strategy, business development and acquisitions. The units are self accounting and the role will provide support and guidance to their management teams whilst evaluating and interpreting performance.

You should be a graduate qualified accountant with a background of increasing responsibility in Package c£45,000 + car

financial management. This will include exposure to large organisations, both at the sharp and and at a strategic level. Commercial judgement, excellent communication skills and a high energy level are the essential qualities which will enable you to contribute to the company's development and success. The remmeration package includes a performance related bonus and in addition the company will provide generous relocation assistance, if appropriate.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L390.

Egor Executive Selection 58 St. James's Street on SW1A 1LD (01-629 8070)

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United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain



Finance and Planning London Underground takes a new direction

Central London

A network of 10 'core' business units, each one an independent profit centre with its own management team, gives London Underground a new business approach to meet the customer needs of the 90's and beyond.

Financial control, capital appraisal, systems development and investment planning are just some of the crucial issues for the Unit Finance & Planning Manager—a real voice in top management for high calibre young accountants.

Business acumen, initiative, strategic vision and determination to get

c.£26,500 + car + benefits

things done are the qualities you'll need. Your professional background will include post qualifying experience in a fast moving, customer orientated environment.

Salaries are around £26,500 + car. Benefits: private health insurance. pension scheme, relocation help and concessionary travel on British Rail, Tubes and London Buses.

If you are looking for management at the top, please write enclosing full CV to: Chris Hale, Personnel Department, London Underground Limited. 55 Broadway, London SW1H 0BD. Please quote reference UMV/67X.

FINANCIAL OPERATIONS MANAGERS

International Communications Systems

to £40,000 + Car

This very substantial and forward-looking business is a division of a major British plc. It has a turnover of £1.7 bn and comprises a varied range of rapidly growing operating units whose products stand at the forefront of the communications industry. As a result of acquisitions, new business

development and an increasingly dominant market position, the need has arisen for two experienced individuals to oversee and monitor the operations of a portfolio of individual units. This will entail working with the local management teams to integrate the new businesses, to undertake detailed analysis of their performance and to identify and manage areas of potential risk or opportunity.

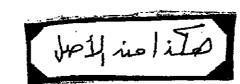
These key roles require strong commercial flair, an analytical and investigative approach and well

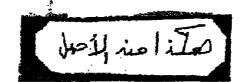
developed business management skills. They will suit qualified accountants aged in their 30's with a good degree and a record of success within progressive commercial environments. Candidates should be tough, flexible and self-motivated. Based in central London they should be prepared to travel within the UK and occasionally overseas. These stimulating and challenging roles are expected to lead to unit finance directorships within 18 months.

Please write in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L391.

Keer Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

United Kingdom - Belgium - Denmark - France - Germany - Italy - Netherlands - Portugal - Spain





Finance Manager

South of London - Near M25

c£30,000 + Car + Benefits

Our client is a major subsidiary (t/o c£200m) of a "household name" group in the leisure sector.

Rapid growth; and diversification has created a need for an ambitious and effective Finance Manager reporting to the Financial Director. The role has responsibility for the accounts function of 45 staff and control within newly developed areas of the company's business as well as introducing and maintaining sophisticated management reporting

systems.

Candidates should be graduate qualified accountants, age indicator 27-32, who can demonstrate an outstanding record of schievement to date and are seeking a role with significant intellectual and management challenges.

Energy and flexibility are essential and will complement proven problem solving ability and interpersonal skills. Prospects for rapid advancement are excellent.

Please telephone or write enclosing full curriculum vitae quoting ref 308

Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572 Fax: 01-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH



Brussels Based 50% European Travel

Our client is a US chemical multinational with sales exceeding \$1 billion in 1988. In Europe the company has activities in Belgium, the United Kingdom, France, West Germany and Norway.

For these European operations they are seeking a Senior and International Auditor, who will be located in the Brussels Coordination Office.

Reporting to the Director — Internal Audit in the USA, the successful candidates will conduct internal audits to determine whether policies and procedures are followed, established standards are met, resources are used efficiently and economically and planned missions are accomplished properly. 50 to 60% travel in Western Europe will be necessary.

Applicants, qualified accountants, should have

Belgian Francs 1.2m-2.0m With Significant Tax Advantages

four to six years' experience for the senior auditor and two to three years' for the auditor either in public practice or in a corporate audit environment.

Strong interpersonal skills as well as fluency in English and German are required. French or Durch are an additional plus. Ability to use a personal computer and knowledge of applicable professional standards are important assets.

Both positions offer excellent international prospects and an attractive salary package.

Initial contact may be established by writing to:
Terry Benson, Michael Page International,
39-41 Parker Street, London WC2B 5LH.
Alternatively, telephone him on (London)
01-831 0431 during office hours or 0990-21049

evenings and weekends.

Michael Page International

International Recruitment Consultants
London Amsterdam Brussels Paris Lyon Sydney

FINANCIAL CONTROLLER

A high level challenge from BT's hi-tech growth division

To £35,000 + car + benefits

British Telecom is emerging as one of the most powerful forces in the world of datacommunications. BT Datacomms manages a comprehensive state of art product portfolio which has enabled it to become one of BT's most successful international operations.

The Financial Controller will play a key role in BT's international success in this business area. As a member of the management team, the Controller is responsible for providing full management accounting services and advising on crucial strategic issues. Reporting to the General Manager, this is a very high profile role offering considerable scope for influencing the commercial direction of BT's

datacommunications business.

Clearly, it's a job that calls for a proactive and highly skilled manager. A mature individual who can manage and motivate a small accountancy team. A financial expert who can quickly assimilate and assess strategic options

encompassing acquisitions, technology transfers, and joint ventures.

The rewards certainly match the seniority of this position. The salary is matched by a top quality range of benefits including: a car, additional performance related pay, an excellent pension scheme and prospects of further advancement within this division and into other parts of the company.

Please write in confidence, enclosing

Please write in confidence, enclosing a full cv., to:- Norma Henry, British Telecom, Communications Systems Division Personnel, 2nd Floor, 17-19 Rochester Row, LONDON SW1P 1LA.

British TELECOM

DIVISIONAL FINANCE DIRECTOR

LEISURE INDUSTRY

Central London

With an outstanding record of expansion and achievement, our client continues to display significant growth. This activity has strengthened its position as a leading force within the fiercely competitive leisure sector.

As a consequence of this expansion, the group now requires an outstanding individual to assume responsibility for the financial performance of the highly profitable leisure division.

Reporting to the Divisional Managing Director, responsibilities will include the assessment and evaluation of investment opportunities, ensuring smooth and effective integration where appropriate. In addition, the Divisional Finance Director will provide guidance and advice on all aspects of financial management and control to the respective operating companies.

c£37,000 + Benefits

Aged 30-35, the successful candidate must be able to demonstrate an impressive post qualified record of achievement in a leisure, retail or related service sector.

characteristics in order to meet the challenges of this demanding environment.

Resilience, determination and sharp business acumen are essential

Further advancement within this rapidly expanding group will only be limited by individual ability.

For further information please telephone Tim Musgrave on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House | Leicester Place London WC2H 7BP
Telephone: 01-437 0464

FINANCIAL PLANNING & ANALYSIS MANAGER

High growth telecommunications

Up to £35,000 + car

Accelerated growth is not umusual within this US based advanced technology group. However, this UK subsidiary will enjoy an enviable 50% growth in 1989, owing to its leading position in an expanding telecommunications market. A sales and marketing led business, it offers a vibrant, goal oriented environment and excellent career development opportunities through growth and within its substantial UK and international operations.

Reporting to the Finance Director, the person appointed will lead a small team, focusing on performance monitoring and analysis. You will forecast and interpret the financial implications of commercial and strategic options, ensuring that the company maximises its returns.

M3 Corridor

The successful candidate will be an ambitious, energetic qualified accountant, anxious to make a mark in this demanding international group. As well as having a rounded background of financial experience, you will need excellent communications skills and sound commercial acumen. Age indicator, 30-35.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L389.

Egor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

EGOR EXECUTIVE SELECTION

United Kingdom - Belgium - Denmark - France - Germany - Italy - Netherlands - Portugal - Spain

FINAL CIAL DIRECTOR Commercial Role-Telecommunications Commercial Role-Telecommunications Our Client, a £50m turnover division of a major plc, is a market leader in its field, with more than 30 years experience in providing business communications. As part of the Group's commitment to future growth, a Finance Director is now required to take full control of the Division's financial and administrative affairs, to report to the Board on business performance and play a significant part in the general management of operations.

Key duties will include the supervision of the finance function, business and strategic planning, (identifying potential business development areas, diversifications and acquisitions etc.), as well as playing an active role in the enhancement and development of reporting and information systems. Working closely with the Managing Director, you will be involved in all aspects of the Division's general management, trading and commercial decision making.

Candidates will be qualified Accountants with strong commercial flair, who have held a senior operational finance position. A dynamic personality with well developed communication and management skills is essential.

Please apply directly to Joan Coulter at Robert Half, Freepost. Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, evenings 01-531 3005. Alternatively fax your details on 01-836 4942.

Financial Recruitment Specialists London · Birmingham · Windsor · Manchester

GROUP FINANCIAL CONTROLLER

Rural East Midlands

This highly regarded public group is a pace setter; a leader in several consumer markets, it has grasped the initiative in expanding into new sectors and has already achieved a turnover of £500m. It has a reputation for professionalism, innovative product development and a commitment to quality and efficiency. The group's continued expansion is based on strategic acquisitions and investment for organic growth.

The Group Controller reviews and reports on group performance to the main board, and prepares the published accounts. Reporting to the Finance Director, the position carries responsibility for evaluating investment proposals and business development opportunities whilst managing a central treasury function and optimising the group's tax position.

Package c.£45,000 + car

The successful candidate will be a graduate qualified accountant, in his or her thirties, able to combine commercial judgement with sound technical skills. There are excellent career development opportunities for an ambitious financial manager who demonstrates intelligence, business acumen and commitment in this demanding role.

The package includes a performance related bonus, normal large company benefits and an attractive relocation package if required.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L393.

Rgor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

EGO: EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain

Financial Controller

with people skills to match professional strengths

Woking

c.£30,000 + car

A worldwide reputation as one of the leaders in a specialist management consultancy discipline has earned our clients considerable respect as well as annual income in excess of \$600 million. The UK operation bills some \$20 million and 25% growth is confidently expected over the next year. The time is now right to appoint a Financial Controller to head up the accounting function, based in prestigious offices in Woking.

Ideal candidates, probably in their early thirties, will be suitably qualified accountants, with a demonstrably successful background in a time-based, service industry. Technical experience of management accounting, analytical skills and computer literacy are taken as read but in an environment focused intently on

people values, the ability to motivate a small close-knit team is considered paramount. There will be contact with, and support to be given to, the European offices so that there is unlimited scope to develop the role. Undoubtedly this is a superb career opportunity

and the salary, together with a first class benefits package, has been geared to attract first class candidates. Please send full career details, quoting reference A1540 to:
Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants,
12 New Burlington Street, London W1X 1FF or

12 New Burlington Street, London WIX 1FF or alternatively telephone 01-287 7007 during the working day or 0444-73216 in the evenings.



Financial Controller

Central London

c£28.000 + Car

Our client is an exciting TV and promotions group, whose products enjoy a high profile in the media, and who are part of a well known and much respected entertainment and retail plc. Although established recently the group has grown very rapidly with principle activities in video and film post production, design and corporate communications.

Reporting to the Finance Director the Financial Controller will contribute to the management and development of the group with responsibilities covering financial and management accounting, budgeting, forecasting and review of the UK and US operational performance using up to date computerisation. Involvement and commitment are key features of this role. Good PC skills, particularly Lotus 123 which is used extensively, are important.

Candidates should be chartered accountants, age indicator 28–35, who have good interpersonal skills to run a department and who would enjoy working in a positive fast pace environment. Career development prospects are good

Please telephone or write enclosing full curriculum vitae quoting ref: 309 to: Philip Cartwright FCMA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572 Fax: 01-925 2336



FINANCIAL SELECTION AND SEARCH

National HEITAMENT

HEAD OF FINANCE

Applications are invited for this vacancy which will arise in the latter part of 1989.

The Head of Finance, who will report to the Director. Executive Director and to the Board, will be responsible for the total financial operation of the Royal National Theatre, which has a turnover of £17 million. The successful candidate will be required to formulate and implement financial strategy as a key member of the senior management team.

The successful candidate will have several years senior financial management experience, appropriate professional qualifications and be able to demonstrate the ability to lead and motivate staff. Initiative, enthusiasm and interest in the Arts are essential.

Salary by negotiation, but likely to be in the region of £30,000 per annum. There is a contributory pension

Please apply with full C.V. to: David Aukin, Executive Director, National Theatre, South Bank, LONDON, SEI 9BX. Closing date: 10th February 1989.

AN EQUAL OPPORTUNITIES EMPLOYER

Planning Manager

Thames Valley

c£30,000 + Bonus + Car

This independent British company is the market leader of business software and has an enviable reputation for product impovation. The Group has a record of spectacular sustained growth throughout the 80's and supplies solutions to the top companies in the UK and Europe.

The role will report to the Group Financial Director and the key responsibilities will include implementing a rolling forecasting system, development of mana information and other profit related projects involving all the Group's world-wide locations.

Candidates should be qualified accountants, age indicator 27-35, with good communication skills and the determination to succeed. Commitment and flexibility are

essential within this exciting Group which plans further organic growth for the 1990's resulting in rapid promotion for the successful caudid Please telephone or write enclosing

full curriculum vitae quoting ref. 310 Nigel Hopkins FCA, 97 Jermyn Street, London SWIY 6JE

Tel: 01-839 4572

Fax: 01-925 2336

FINANCIAL SELECTION AND SEARCH

EXCELLENT PROSPECTS IN EXPANDING UK MULTI NATIONAL

Chief Accountant

Package c.£30,000 plus car and benefits Surrey/Sussex

Our client is a major subsidiary of a significant British Group with a turnover of over £1.5 billion. It is a leader in its sector with an excellent record for growth and ambitious plans for the future.

Due to promotion of the existing incumbent, a Chief Accountant is required to manage the Accounts Department of sixteen staff, ensuring accurate, timely production of all financial accounts and management reports, development of accounting systems and ad hoc financial investigations. Reporting to the Financial Controller, the successful candidate will be responsible for compliance with recognised accounting standards and statutory requirements.

Candidates, male or female, aged 27 to 32 years, will be qualified ACAs, ACMAs or ACCAs and will have had staff

management experience either in industry or in the profession. They must be ambitious, strong, positive and persuasive personalities who are able to deal with people at all levels. The selected candidate must have the potential to be promoted to a Financial Controller position within the Group in about 2 to 5 years.

Attractive benefits include a competitive salary, bonus, an executive 2.0 litre car, health cover, life insurance and contributory pension scheme. The company is located on the Surrey/Sussex borders and generous relocation expenses will be available if appropriate.

Please write with a full CV to Richard Brasher at the Maidenhead address below or telephone for further information.

MKA SEARCH INTERNATIONAL LIMITED MKA House: 36 King Street.
Maidenhead: Berkshire SL6 1EF
Telephone: 0628 75956: Fax: 0628 770065

Maidenhead, London, Worcester

BROAD-BASED CORPORATE FINANCE ROLE

Treasury, projects & acquisition studies for Manufacturing Group

c. £30,000 + car

Kent

The group employs approximately two thousand people and turns over about £250 million; profits continue to grow dramatically and the future is assured. The several manufacturing sites and subsidiary service companies have a considerable degree of autonomy, but at the centre there is a small, high powered finance team. We are looking for an industrially experienced and commercially able accountant (probably Chartered, but personal strengths are more important than the particular qualification) to work closely with the Finance Director and to stand in in his absence. Major responsibility will be the cash management and treasury function, but just as relevant will be independent, one-off finance projects. Further, as the company is firmly set on a growth pattern, acquisition studies will be an important part of the job. Ideal candidates will be in their mid thirties/early forties, with the intellect, interest and commercial flair which will enable them to enjoy both the inherent challenges of this unusually wide role and its obvious career development potential. Please send full career details, quoting reference WE 9031, to Robin Davies at Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL Tel: 01-439 4581.

WARD EXECUTIVE

LIMITED Executive Search & Selection

Director of Finance

Lancashire

Our client is a highly successful £10m t/o manufacturing subsidiary of a major packaging group. Significant investment is planned over the next five years to support further growth in what is a rapidly changing environment. Operating on a totally autonomous basis, they are engaged in the manufacture of high quality printed products for Blue Chip customers.

A Director of Finance is required to assume total responsibility for the finance, data processing, and company secretarial functions of the company. In addition to the normal responsibilities associated with an appointment at this level, the successful applicant will be required to

c £25,000 + Car + Benefits

work very closely with the Managing Director in the areas of business development and strategic corporate planning.

Candidates, aged 27-35, should be qualified accountants who have a successful track record in financial management which demonstrates a high degree of commercial awareness, in addition strong management ability and excellent communication skills are essential.

Interested applicants should contact lain Blair ACMA, quoting ref 3087 at Michael Page Finance, Executive Division, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Tel. 061-228 0396.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

HEAD OF ACCOUNTING & REPORTING

ACA/FCA

CITY

SALARY c£40,000p.a. + CAR + BANKING BENS.

FIN

A leading International Bank with a strong commitment to London, we have an impressive record of steady growth over many years in the City.

Our clients are both Domestic and International, Corporate and Sovereign, and our financial products range from conventional lending and treasury to fee-based project finance. Internal promotion has created this opening for an experienced Manager for the Bank's UK Accounting and Reporting Group (14 people). Major responsibilities include Management and Statutory Reporting, Internal Quality Control, and the provision of professional advice to line management.

This is a senior position in the Bank's UK Management structure, and in addition to the above responsibilities you will be expected to contribute to the overall improvement of our Operations from a very early stage.

Not less than 30 years, you are probably a graduate, and have been a Qualified ACA/FCA for at least 5 years. You have a proven track record as a Manager and will, ideally, have had similar experience in a major International Commercial Bank.

Interested candidates should send a full c.y. to:

Write Box A1130, Financial Times, 10 Cannon Street, London, EC4P 4BY

Financial Director

Surrey

Salary Negotiable to £30,000 + Car

A highly-intelligent, energetic and imaginative Financial Director is sought by our clients, who have a substantial business which is in the process of a major change. The Company has an annual turnover of £25 million and provides passenger transport services in the outer perimeters of London.

The Finance Director will report to the Company Managing Director and has a functional responsibility to the Group Finance Director.

Aged late 20's to late 30's, candidates will be incisive "hands-on" accountants and will be

dynamic, practical and ambitious. It is anticipated that you will have held a similar role in substantial groups of companies. You should have experience of introducing costing systems, producing statutory accounts, financial modelling techniques and an understanding of corporate taxation.

Interested candidates, who meet these criteria, should send a detailed CV including current salary to David Fyles, quoting reference LM 706 at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.



SPICERS EXECUTIVE SELECTION

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Financial Services

City Based

Recently **Qualified ACA**

c.£25K+Banking Benefits

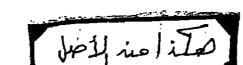
international banking groups, is seeking to recruit an ambitious young charters accountant to join in specialist review department. As a member of a small professional team, you will be responsible for reviewing and ing the Group's activities, controls and information systems in the net Banking, Stockbroking, Commodity Broking, Investment ment and insurance areas. Based in the City, the post will involve a second and insurance areas.

around 35% overseas travel, which is to the world's major imancial This is a challenging role providing a high level of exposure to senior management throughout the Group and offers excellent opportunities for career progression. Applicants must be determined, self-motivated and able to con ms must be determined, sea-monvaced and above to by with senior executives. They should have an anal-ed with the flexibility and initiative to work within a fast-or

The successful candidate is likely to be a recently qualified ACA who has experience of financial services through training with one of the resjor professional

Remuneration will be ground £25,000 with generous banking this including mortgage subsidy, non-contributory pension scheme, life as

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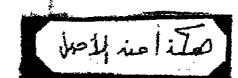
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Accountants for Operational Analysis

-Banking c£30,000 + Car Substantial Bonus + Banking Benefits

This client, a major international bank and financial services organisation, is seeking 2 graduate accountants aged 27-32 for a project team which is actively extending production management and 17 solutions to a wide variety of international and UK banking operations.

The positions, which are at project manager level, require strong analytical skills, inquisitiveness and open mindedness; good oral and written communication abilities and the tact and diplomacy to work effectively at all levels. There will be small teams of 3-4 analysts to manage which will require skills on bear leading and health will require skills on bear leading and health will require skills on bear leading to the street leading which will require skills as team leader and team builder. There will be some overseas involvement. Promotion from these positions (which is already taking place) will be to line operational roles leading to long term high level business careers, rather than the lineacial control route.

The requirement is for industrial or commercially experienced

accountants who wish to move away from accounting and have the talent, tact and enthusiasm to grasp the opportunity. Relocation assistance is available where necessary.

Location - City. Please apply in confidence quoting reference 1392 to:

Brian H Mason Mason & Nurse Associates 1 Lancaster Place. Strand London WC2E 7EB Tel:01-2407805

Mason

Finance Director

£30,000 + car + profit sharing scheme Hertfordshire

> Our client is a progressive, fast growing computer company. In addition to establishing itself as a value added reseller for a variety of manufacturers, the company is a leading specialist in the application of portable computers and data communications. An energetic Finance Director is now sought to strengthen the existing management team.

> Reporting to the Managing Director, the successful candidate will assume total responsibility for the accounting and financial management of the company. Managing a small team, the Finance Director will be expected to play an active role in strategic planning and must be capable of understanding the market in which the company operates.

Aged 28 to 40, you will be a chartered accountant who is results orientated and relishes the prospect of joining a highly charged management team. Given the nature of the business, computer literacy is essential as is the ability to relate to people at all levels. This is a first class opportunity for a commercially minded financial manager to share in the future success of this

Please write in confidence to David Kennedy, Clark Whitehill Consultants, 25 New Street Square, London ECAA 3LN.

Executive Selection

FINANCIAL ACCOUNTANT

c£25K • BEDFORD

National Carriers Contract Services has established itself as one of the leading growth companies within the NFC Group. It supplies dedicated warehousing and distribution services of the highest quality to a wide range of industrial and retail customers. In the last five years it has grown four-fold with a considerable turnover in excess of £70m and some 2000 staff: 2500 vehicles and trailers which operate from approximately 110 locations.

The Company wish to appoint a Financial Accountant on the retirement shortly of the present incumbent.

Responsible to the Finance Director, the Financial Accountant is accountable for the effective maintenance of all financial accounts and associated matters to meet statutory requirements and standards. This also involves all taxation

The successful applicant will be fully qualified with accounting experience which will preferably have been gained in a commercial environment. He or she must be able to demonstrate the commercial environment. strate leadership skills and have the ability to motivate an

We offer a salary package of circa £25,000 plus an opportunity to purchase shares in the NFC Group. Applications in writing, should be addressed to Mr. M J Bain, Personnel Director, National Carriers Contract Services, The Merton Centre, 45 St. Peter's Street, Bedford, MK40 2UB.

NATIONAL **CARRIERS**

and insurance matters.

NFC

TOP EXECUTIVE JOBS

We Cam Target You To Top New Appointments.

Contact us FISS \$2 and \$75 seeking a new receiving or spiritual appointment

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DOPATS enquire about our Special Services.

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FINANCIAL PLANNING CONTROL

YOUNG QUALIFIED **ACCOUNTANTS**

C. £25,000 (INC. BONUS) PLUS CAR AND **EXCEPTIONAL BENEFITS**

Volvo Concessionaires is an important and highly successful subsidiary of Lex Service plc, the £1.5 billion automotive and electronic distribution group.

The company's ambitious and innovative approach provides a stimulating environment in which talented people have every opportunity for personal development. This is particularly true in the finance function which has a young high-calibre team and the following vacancies arise from internal promotions and re-

Ipswich - Accounting Manager

Based at the company's accounts centre, the Accounting Manager's role is essentially that of a Controller providing a full financial service to the management of two recently established but already successful self-contained business units.

Marlow, S. Bucks - Financial Analyst

As the sole report to the Financial Manning Manager at the Company Headquarters, the Analyst will be involved in all aspects of financial planning and management information. He/
she will also have personal responsibility for providing a
financial service to the marketing and operations management
of the £100m parts business. Ref: 1685/FT:

The common requirements are for a commercial outlook, analytical skills and the ability to communicate effectively with

Benefits include a non-contributory pension scheme, private medical insurance, 28 days' annual holiday, plus relocation if

Write or telephone for an application form or send full details (with daytime telephone number and current salary) to our advisor, R.A. Phillips, ACIS, FCII, Phillips & Carpenter, 2-5 Old Bond Street, London WIX 3TB. Tel: 01-493 0156 (24 hours).



Swaps Accountant Major International Bank

ACA/CACA

Competitive Salary Package

Our client, a top rated bank, offers a wide range of financial services to corporate clients throughout the world. This leading position has been achieved by a strong commitment to excellence combined with the development of innovative financial engineering products within both their domestic and international markets. The London office plays a central role within their global expansion and is consequently enjoying significant growth.

Their Swaps Financing business has developed rapidly and presents particularly complex challenges for the existing financial control and reporting systems. In order to strengthen these resources, they therefore intend to appoint an experienced professional who will take full responsibility for the Swaps accounting and controlling systems, their further refinement and integration within the organisation as a whole.

The successful candidate will possess the following attributes:

- aged 28-35 years;

--qualified ACA/CACA;

- previous experience within the financial service industry giving a good knowledge of capital markets

familiarity with automated, multicurrency reporting and management systems;

- excellent communication and supervisory skills combined with a high level of computer literacy.

This is a high profile role which, being located within the Dealing Room, gives first hand exposure to fast moving financial markets. The position reports at Senior Manager level and is responsible for a staff of four.

Interested candidates should write, enclosing a comprehensive Curriculum Vine, to Charles Macleod, Manager, Financial Services Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000.



Michael Page Finance

London Bristol Windsor St Albans Leatherhead Birmingha Manchester Leeds Newcastle upon Type Glasgow & Worldwide

Financial Director DESIGNATE

West London

Our client is the subsidiary of Europe's largest manufacturer of automotive batteries. In the UK it is an importing, warehousing and distribution business.

Reporting to the Director and General Manager, the new Finance Director (designate) will advise the Board on financial planning and control, will manage the company secretarial, accounting, stock control, warehousing and distribution functions, and review existing systems, computerising where appropriate.

Candidates should hold a recognised accounting qualification £30,000 + Car

and have experience of financial management, preferably in manufacturing or distribution industry. They must be well versed in the preparation and interpretation of financial and management accounts, cash and credit control and the use of computers, particularly PCs.

The remuneration package will include a car and other attractive benefits.

Please write or telephone for written background information and/or informal discussion, quoting Ref. Number 451 to:- Peter Nielsen at the address below.

MKA SEARCH INTERNATIONAL LIMITED MKA House: 36 King Street Maidenhead: Berkshite SL6 1EF Telephone: 0628 75956

Maidenhead, London, Worcester

FINANCE DIRECTOR & **COMPANY SECRETARY**

West Yorkshire

£28,000 + Bonus + Quality Car

Our client is a rapidly expanding, £20m+ turnover private Company, engaged in the distribution of housewares. The Company has now reached a critical stage in its development, and as a result of the impending retirement of the present incumbent now seeks to appoint a new Finance Director & Company Secretary to play a key role in the commercial direction of the business, both operationally and strategically.

Reporting to the Managing Director and supervising a team of 8, you will be responsible for:

Establishing and maintaining effective financial reporting systems

- Ensuring the provision of timely and accurate financial and management information

Interpreting this information and advising the Board accordingly
 Assisting the Managing Director in the evaluation and formulation of business

development policy - Treasury Management

 — Company secretarial duties
Candidates, aged 35-50 will be qualified accountants with significant experience in financial management reporting gained. at senior level within a commercial environment. The successful candidate will also be able to demonstrate:

- The ability and maturity necessary to manage a finance function within a fast

changing environment - Pragmatism allied to business flair

- Excellent communication skills

- Initiative reinforced by energy and commitment

The opportunity offers an attractive salary package which includes private medical care, pension scheme and relocation assistance where appropriate. Interested applicants should send, in confidence, a detailed curriculum vitae including current remuneration to: Mark Carriban, Spicers Consulting Group, 12 Booth Street, Manchester, M60 2ED.



SPICERS CONSULTING GROUP A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

ACCOUNTANTS HEALTH WARNING!

This is not for the faint hearted. We are a rapidly growing marketing services group looking for a qualified person with enough ambition to find personal success whilst taking us profitably into the 90's.

Group Financial Manager Based: Salary: Chertsey, Surrey. Attractive salary subject to

Apply initially by CV to: Mrs. V. Wilkinson. Mrs. V. Wulchson, Advertising & Marketing Associates Ltd. Patterson House, Gogmore Lane, Chertsey, Surrey, KT16 9AP are essential.

Candidates, mid 20s to early 30s, should have "Big Eight" experience and enjoy front line responsibility.

Please contact Shelagh Arnell on 01-583-1661 or send cv to her in confidence, ASB INTERNATIONAL RECRUITMENT, 50 Fleet Street, London EC4Y IBE (part of ANGEL INTERNATIONAL RECRUITMENT)

AMERICAN BANK

to £25,000 + mortgage subsidy + profit share One newly-qualified ACA is required for challenging position within the

Project Team of a prime American bank, Another, more experienced ACA, is required as a Team Leader in the same area. They are high profile roles, the successful candidates will possess excellent interpersonal skills and relate well to senior management. Initiative and self-motivation

"Big 8" Qualified

Financial Controller

International Merchant Bank's London operation require a recently qualified A.C.A., ambitious for a responsible management role and seeking to broaden experience. Competitive salary/benefits package.

As a result of expansion prompting an internal promotion, a well established and highly successful international merchant banking group have created an additional position within the organisation for a recently qualified Chartered Accountant, ambitious for a progressive international banking career opportunity.

Initially located within the Leasing & Asset Finance subsidiary, the role is City based. Principal responsibilities will cover day to day accounting and supervision of EDP systems; planning — budgeting, monitoring and control; treasury — cash management and loan interest rate co-ordination utilising money market products; marketing support — liaison on funding requirements and facility operation/administration.

The marketing support responsibilities are particularly relevant and emphasised by working with Account Managers and undertaking an active client liaison role,

The significance of the appointment will be reflected in a substantial remuneration package negotiable in the salary range £25,000 p.a. plus banking benefits to include a car.

GORDON BROWN & ASSOCIATES LTD. RECRUITMENT CONSULTANTS



5TH FLOOR, 2 LONDON WALL BUILDINGS, LONDON EC2M 5PP TEL: 01-628 7601 FAX: 01-638 2738

Gordon Brown

Management Accountant

South East

£25K + car

contractors.

They possess an expertise and reputation for excellence firmly founded on over 20 years of You will probably be aged 27-40, with ACMA or pioneering work and an enviable string of achievements.

Achievements that require the very highest calibre personnel to maintain the total excellence, the international respect and rising success on which they have built their name.

They're constantly engaging in new and exciting initiatives like a far reaching IT development programme with which you will

You will lead a team providing and interpreting preparation of monthly management Burton-Sanigar, ref. RBS/B/97.

Our client is one of the world's leading defence accounts, annual budgets and 5 year plans. This is a high profile role requiring initiative and a pro-active approach to problem solving.

> equivalent qualifications, have a minimum of 3 years' post qualification experience and possess good interpersonal and management

> As well as an excellent salary you'll also enjoy a generous benefits package which includes an executive car and full relocation assistance.

If you are looking for a challenging career development opportunity please write with full details. These will be forwarded direct to our client. List separately any companies to which management information including the your application should not be sent. Robert

M5L Advertising

32 Aybrook Street, London WIM 3JL.

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FINANCE MANAGER

Hants Coast £30,000 package + car

Vicon (UK) markets and supports a sophisticated range of CCTV equipment and systems for use in commercial and industrial surveillance applications. The security industry has been enjoying double digit growth for many years.

Continued growth in the UK and Europe now requires the addition of a qualified accountant to the management team. A subsidiary of a public US parent, Vicon (UK) contributes 15% to worldwide revenues and is thus fully supported.

The Finance Manager will control three

accounts staff and have a major hand in day to day operational management as no. 2 to the MD. Computerised systems are in place and there is thus considerable scope. He/she will work closely with the MD and make a strong contribution to business planning and commercial strategy.

The position requires a business minded. computer literate accountant with general management ambitions. An attractive salary will be enhanced by a profit based incentive.

To apply, please send full career details to Mike Smith, quoting ref V/ASG.



KPMG Peat Marwick McLintock

Executive Selection and Search Abbots House, Abbey Street, Reading RG1 3BD.

European Audit Manager

Northern Home Counties

To £35,000+Car

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This corporation is a world leader, highly successful and profitable in its market segments. It is a \$2.5bn worldwide organisation which is expanding in Europe by growth and acquisition. It employs 6,000 in over 20 manufacturing and marketing locations in its European structure.

This appointment is a key role in the European management team. It reports directly to the American Headquarters and has broad ranging responsibilities in financial and operational audit including project work covering acquisitions studies and the introduction of new computerised systems. The appointment manages a small team based in the UK and Germany.

Candidates aged probably 28-35 and qualified accountants, will have broad-based senior auditing experience preferably gained in a multinational environment. The position is ideal if you are looking for your first full management role. Prospects in this expanding corporation are excellent, particularly if you want to move into an operational role. An additional European language would be an advantage.

Candidates should apply in writing sending a full C.V. to Geoffrey Forester, Berndtson International, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL.

Berndtson International

Management Consultants - Executive Search

BRUSSELS-COPENHAGEN-FRANKFURT-GENEVA-LONDON-MADRID-MILAN-NEW YORK-PARIS-ROME-STOCKHOLM-ZURKE

Chief Accountant

HAMPSHIRE

£ negotiable + car

We are a large international firm of Consulting Engineers and are seeking a successor to our Chief Accountant who will be retiring in the Summer.

Applicants must be qualified Accountants, preferably with experience of the service sector, who can meet the challenge of complex systems and tight deadlines whilst leading a Department of 14 people.

Age is not a limiting factor but it is unlikely that anyone under 30 would have the necessary experience and presence.

The Chief Accountant is responsible to the Secretary for the total accounting function and the successful applicant will be expected to make a major contribution to the continuing development of our interactive computerised system.

The salary, which is negotiable, will be enhanced by an attractive benefits package including car and pension scheme.

> Please send your CV, including salary progression, to Mrs Doreen Lowe, Staff Services (Recruitment), at

Scott Wilson Kirkpatrick

Finance Director to £28,000 + car + bonus

The Robert Smith Group of companies is primarily engaged in steel stockholding, manufacturing and supply to the oil and gas industry, international road haulage and as Mercades-Benz and Porsche main dealers. Turnover is in excess of £30m. The Finance Director will join the board of the parent company as the group enters its next important phase of development. Reporting to and working closely with the Managing Director, a major priority will be to direct and enhance the finance function of

the group and be a key member of the management team providing financial guidance in an areas.

In the age range of 28-40 applicants should be qualified chartered accountants who can demonstrate commercial fiair and some experience of corporate acquisition work. Please write enclosing a career history quoting reference R176 to David Welr, Arthur Young, Commercial Union House, Albert Square, Manchester M2 6LP.

Arthur Young Corporate Resourcing A MEMBER OF ARTHUR YOUNG INTERNATIONAL

EXCEPTIONAL YOUNG ACCOUNTANT/MBA

Our client is a highly successful public group with diverse interests in the UK and international markets. Internal promotion has created an outstanding opportunity at Group

The postholder will primarily be concerned with treasury gement activities and in addition will be involved with various projects at Group and subsidiary levels. Treasury activities will include cash flow forecasting and mana dealing on the money markets and the negotiation of interest rates and debt facilities. Ad hoc work will include the development of management information systems and the analysis of major projects.

The position would suit a young qualified accountant or MBA with treasury or corporate finance experience gained in a professional firm or banking environment. As the position involves liaising at the most senior levels in the Group, excellent presentation and communication skills are

Interested applicants should send a comprehensive career resume including salary history and daytime telephone number, quoting reference 3007, to Peter Homby, Executive

△ Touche Koss

Eleven Albion Street, Leeds LS1 5PJ. Tel: 0532 444741.

BLOODSTOCK -ACCOUNTANT circa. £20,000 + Car

Required for large stud and racing establishment near Newmarket, Suffolk.

Must be able to work on own initiative and have the ability to communicate at all levels.

Responsibilities to include the preparation of computerised (I.B.M. S.36, AS 400) monthly management accounts, budgets and cash flow forecasts together with a variety of ad-hoc assignments. Principally based at Newmarket but also visiting other locations at regular intervals.

Whilst not essential, an interest in horse racing would be advantageous.

Apply in writing (with C.V.) in strict confidence before Friday 17th February to Box A1129, Financial Times, 10 Cannon Street, London EC4P 4BY

Financial Professionals

Provide the financial dimension to match our growth

Motorola is at the forefront of the highly competitive mobile communications industry. Our innovative technological capacity and progressive business environment have resulted in the winning of many significant international contracts. Perhaps the largest and most prestigious of these is to supply the infrastructure to secure a truly European network of mobile communications.

To accommodate all this activity, we're continually growing as an organisation. The financial implications of this process are tremendous. As a result we need the following proactive professionals with an apritude for problem solving and planning to join us at our brand new facility in Swindon.

COST ACCOUNTING MANAGER

You will enjoy full responsibility for setting up and managing the Cost Accounting function, placing particular emphasis on manufacturing/inventory control systems, C.O.S., pricing, budgets and management reporting.

kieally, you will have at least 4 years' experience of a similar function in a multinational manufacturing company.

FINANCIAL ACCOUNTING MANAGER

You will start up and manage our financial accounting services, key areas of which will include monthly management/financial accounting, internal control procedures, fixed assets and treasury items. To succeed you will need a minium of 4 years' experience as a Chief Accountant/

Financial Manager in a manufacturing environment and a knowledge of U.S. reporting

M.LS./F.LS. PROFESSIONAL

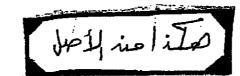
Managing the transfer of Management and Financial systems to the new facility, you will receive technical support from our existing M.L.S. systems in the U.K. and U.S.A. as you set up prime financial systems.

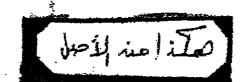
You will need at least 3 years working knowledge of computer applications in the context of Financial and Cost Accounting Systems, MRP and Product Analysis, ideally covering IBM mainframe and PCs.

For all of these positions we offer an excellent salary and benefits package, including relocation assistance where appropriate.

Get in souch with your future - send your brief cv quoting Job Title to Annette Kennédy at Motorola Ltd, Communications Division, Jays Close, Viables Industrial Estate, Basingstoke, Hants. RG22 4PD. Or call her during normal office hours on (0256) 484201.







Hoggett Bowers

Financial Director

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Capital Equipment East Anglia,

To £32,000, Car, Benefits

This rapidly expanding, market leading company, an autonomous subsidiary of a 2500m international group, manufactures a quality range of truck, trailer mounted and self-propelled access equipment. They now seek to appoint an ambitious experienced professional to be responsible for the complete financial and accounting functions and as a member of the serior management team, play a major role in the future development and success of the organisation. Reporting to the managing director, aged 28-45 and qualified to AGA/ACMA, you will be able to demonstrate a proven track record to senior level gained within a manufacturing/engineering environment. In this expensive operation, necessary qualities include technical expertise, the ability to communicate effectively at all levels, direct experience of computer systems and a hands on management style. Future career prospects are excellent and a relocation package to this attractive and accessible area is provided and a relocation. In the accessible area is provided and selection of CAMBRINGE, CB1 1HZ, 0223-324441, Fax: 9223-323250. Ref. F13017/FT.

Group Operational Auditors

North London/Citu Package Up To £32.000, Car

Package Up To £32,000, Car

This highly profit oriented company which operates in finance and property development, offers a stimulating platform to move into the fabric of commencial enterprise. As part of a planned expansion this multi-disciplined team now seeks to extend their specialist audit function embracing all company operations and providing a progressive internal management consultancy, and audit service. The ideal candidates aged 25-40 will be qualified ACA's with a minimum of one years relevant post-qualification experience and display a flair for identifying commercial opportunities outside the more traditional accounting function. Personal qualities will include a flexible individual who can demonstrate effective interpersonal and organisational skills to achieve maximum results. This highly visible role should be considered as a stepping stone for future advancement into senior line management within the group. Significant basic salary enhanced by profit share and associated executive benefits.

B.E. Boylan, Accountancy Division, Reggett Bowers plc, 1/2 Henover Street, LONDON, WIR 9WB, 01-734 8852, Fax: 61-734 3738. Ref. K16003/FT.

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ENEMINGHAM, ERISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFELD and WINDSOR A Momber of Blue Arrow pic

BANK OF ENGLAND ECONOMISTS AND MATHEMATICIANS

The Economics Division has vacancies for economists with good quantitative skills to work as part of a team of some forty economists engaged in policy analysis, research and forecasting of the UK financial system and economy. Experience of forecasting. or econometric analysis of monetary, macro economic or international topics would be an advantage, as would experi knowledge of the UK economy and financial institutions.

The Financial Statistics Division invites applications from recent PhD or MSc graduates in mathematics for its Mathematical Techniques Group to work on bonds/options analysis. The work is directly related to the Bank's operations in the financial markets and, although no background in any specific branch of mathematics is required, a high degree of mathematical maturity and the ability to learn new skills is demanded.

Appointments in both divisions may be on contracts of two to three years or to the Bank's permanent staff. Salaries will be negotiable, depending on age and experience. For application forms please write to:

D A Sharp, Personnel Division (HO-5), Bank of England, Threadnesdie Street, London EC2R 8AH. or telephone 01-601 4518

The Bank is an Equal Opportunities Employer.

BANKOF ENGLAND



DIRECTOR

Gtr Manchester c £25,000 Package Late 20's/Early 30's

This specialist manufacturer (turnover approaching £10m) has set its This specialist manuacturer (numover approaching £10m) has set is sights on an ambitious expansion programme – both within its traditional market-place and into new identifiable product areas. It is part of a large and dynamic UK Group that recognises significant opportunities for this subsidiary to capitalise on its proven design and production strengths. In this demanding environment, a commercially-orientated finance professional is required to complete the executive

Your role will have a dual focus. Firstly, you will spearhead the development of pc-based management information systems that can satisfy the demands imposed by a fast-moving and competitive business environment. Additionally, you will take a prominent role in the management effort that will drive the company towards its performance

targets.
To meet this important challenge you will be a qualified accountant who has a successful track record in manufacturing industry. You will enjoy a high level of self-motivation, excellent communication skills and plenty of enthusiasm. The potential for the company - and your own career development within the Group - is excellent. Please apply to Dudley Harrop at our Manchester Office quoting ref 18990

Amethyst House, Spring Gardens Manchester M2 1EA Tel: 061-834 0618

Also at Liverpool and Leeds

ASB RECRUITMENT LTD & Division of ASB Remett Man

FINANCE DIRECTOR

NW Manchester • c£35,000 plus car and bonus

Our client is a major division of a large British multi-national. Operating on a world-wide basis the division, with its headquarters in north-west Manchester, manufactures and markets a range of rechargeable standby and portable power products into the Telecoms, Computer, Power Generation and Portable Appliance markets.

With a leading market share in the UK, Western Europe and the Indian sub-continent and a recent acquisition in North America, the business is poised for further profitable expansion. Due to internal promotion, our client is seeking a Finance Director to join the Executive team.

The position, which will report to the Divisional Managing Director, will have full financial responsibility for this international business including all budgetting, financial planning and control and internal accounting. A key task will be the implementation of the Group's financial process.

Applicants must have had at least 5 years' experience at a senior level in a manufacturing environment with a well recognised and clearly understood culture of strong financial management. Qualified and educated to degree level with sound IT experience, candidates should be able to demonstrate the capacity for progression within the Group. A fully competitive salary of around £35,000 and benefits package plus a

significant performance related incentive scheme will be offered. Applications from both men and women should include a brief CV together with current salary and the names of any organisations to which your application should not be sent, and be addressed to: T.L. Roberts, Director, Ref 903, Associates in Advertising, 5 St. John's Lane, London EC1M 4BH.



Chief Accountant — City

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Our client is a small, prestigious bank renowned for its superb personal service. Maintaining the very best of its traditions, the bank provides a wide range of services to its established but constantly growing customer base.

Reporting to the main board, the Chief Accountant will have day to day responsibility for the accounts function. Managing a small team, specific duties will include the production of monthly management accounts for submission to the board, dealing with the taxation affairs of the bank, preparation of year end accounts, maintaining close liaison with the external auditors and the training and development of finance staff. In addition, a key task will involve the conception, development and implementation of a costing system to cover all major services. The successful candidate will be a chartered

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Innovative design, the latest technology, high profile marketing, effective financial controls . . . key factors in the success of the Tunstall Group PLC which aims to provide a total package of security, care and protection for people and property.

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Suitable candidates will possess:

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* Management accounting experience in a manufacturing environment

★ The ability to be a good team worker, leader and communicator.

You will be a qualified accountant, probably aged 30-45 years, with a successful track record to date, and the desire to contribute to the on-going success of this

> The salary and benefits package, including relocation assistance where necessary, will reflect the importance of this key role. In the first instance please send your c.v. to Mr. N.T. Smith, Personnel Manager, Cambridge Electronic Industries plc, Box 155, 100 Hills Road, Cambridge CB2 1LQ, or telephone him on 0223 314747.

> > Company

Accountant

c.£20k + benefits + car Portsmouth Area

This manufacturing subsidiary of a group which supplies ceramics and toiletries to one of the UK's most impressive retail

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Reporting to the Financial Director, you will undertake to

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Attitude of mind, together with a fund of broad based

future with well established optimism.

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Our client, a small progressive firm of Chartered Accountants seek an ambitious qualified (ACA Preferably) to assist the Senior

maintenance of an Paton on 01-580-5522,

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BUSINESS **PLANNING** MANAGER

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Partner with the impressive cilent portfolio and the monitoring and supervision of an audit leam. In the first instance please contact David

London, W1.

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Reporting to the Director of Finance of this Multina-tional Franchising tional Operation, this position is responsible for the maintenance and analysis of all financial data to support the Company Management in the effective management of the Company Markets, and to provide data to the Parent Headquarters. Send full G.V. to

London, W1 Tel: 580-5522 Fax 323-1107.

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Reporting to one of the Brand Managing Directors the Controller will be fully involved in business decision making, particularly in the areas of pricing, promotional spend and discounting. With mainstream financial accounts being processed centrally the focus will be on financial planning and analysis and a variety of performance measurement techniques supervising a small highly motivated team.

Yes will be a qualified accountant, male or female, with a business attitude rather than the more storeotyped accounting approach. You will consider good communications between menagers of different functions to be essential to the success of an enterprise. You are likely to be aged 28-48, and looking for a first, or more challenging, Controller's position. THE CONTROLLER

Please apply to: GERRY PEARSON 01-387 \$118

SCOPE Financial Mecrusium Euston House 81-103 Euston Street EXECUTIVE LONDON NW1 2ET

DIVISIONAL ACCOUNTANT

Profile Information

SUNBURY-ON-THAMES

c£22,000 + CAR

Profile Information is the on-line information research division of the Financial Times Group. The group has an impressive record of profit growth and is a recognised leader in the information sector both from the development of new products and from acquisitions.

The Accountant will be responsible for all financial and management information of the Division. He/she will also be actively involved as a member of the commercial team. Considerable opportunities for career development are available within the Group.

Aged 28+, applicants should be qualified accountants with a proven track record, able to demonstrate technical strength and sound commercial awareness. Good inter-personal skills are required.

Please write, enclosing a career/salary history

Personnei Dept (Ref: Profile) The Financial Times, Limited **London EC4P 4BY**

Financial Controller

Milton Keynes

c£30k plus Car

medical products are amongst the leaders in their field. They have an enviable reputation for the range and quality of their products and for their emphasis on service.

Their fast growing HK constitutions are serviced as the constitution of the range and quality of their products and for their emphasis on service.

Their fast growing UK operation markets and distributes a range of products to industrial users, to the retail sector and to major health authorities and suppliers. Growing emphasis on management control and profit centre responsibility has led to the creation of a new post of Financial Controller, who in addition to managing a well established accounting system will:

prepare plans, forecasts and budgets

operate the management reporting system and routine reports to the Parent Group
 enhance the quality and scope of the financial information provided to management

The successful candidate, probably in the age range 30-40, will hold a recognised accountancy qualification. He or she will have at least 4 years post-qualifying experience in industry including operational responsibility for management reporting in a medium sized business preferably in a marketing/distribution environment. Commercial awareness is an important attribute as are maturity, confidence and good communication skills.

This is the senior financial management position in the company and the salary/benefits package reflects the importance of the appointment.

Write in confidence to John Gregory at John Courtis and Partners, Selection Consultants, 855 Silbury Bonievard, Central Milton Keynes MK9 3ND, demonstrating your relevance clearly and quoting 5189/FT. Both men and women may apply.

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London Milton Keynes, Wilmslow

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Morgan Grenfell & Co. Limited, a member of The Securities Association, require a VAT specialist to take over an established post. The VAT Manager has full responsibility for compliance (supported by computer systems) and planning and advisory work on all aspects of the group's businesses in the UK. There are also opportunities to advise on the VAT aspects of client

The ideal candidate will be a graduate, and either have had experience with Customs and Excise or be a Chartered Accountant with a number of years' experience preferably within the financial sector.

He/she must be able to work on their own initiative with a small team of professional tax specialists. This is an opportunity for an interesting and rewarding career.

The remuneration package will be highly competitive and will include a preferential mortgage scheme, non-contributory pension scheme and private

You will be a key member of the Senior Management team working closely with the Managing Director and responsible for statutory requirements, all espects of financial planning and controls and for providing monthly financial and management reports. You will be supported by a small and effective fully computerised accounts department.

Suitably qualified, it is essential that you have proven managerial, commercial and communication stats together with the commitment and ability to support managers at all levels and to expand your role. The offices are located in an impressive mansion with excellent recreational facilities set in 250 acres only 3 miles from the M4. Success in this role could lead to a Directorship and considerable job

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SALARY c£2500 **PLUS CAR PLUS BENEFITS** * 12 tal. <

Mary .

An existing small ticket leasing company wishes to recruit a Financial Controller, following re-structure, capable of implementing and controlling the accounting systems and report generation required.

The position shall develop in responsibility within the rapid growth plan of the company and the successful candidate will demonstrate flexibility, enthusiasm and an ability to work within a small dynamic team as part of the management structure. Candidates, ideally 25-35 years old, may be fully or partly qualified, but experience both of lease accounting, either directly or indirectly is essential and also of P.C. accounting systems is

Please reply in writing enclosing full C.V. to Box A1134, Financial Times. 10 Cannon Street, London EC4P 4BY

A direct line to the executive shortlist

MarErec not only provides corear achies, but also a unique se cursolling and the right job. Why weeks time and money on as therErec clients do not need to find or apply for appointments andwartised vacancies p.a., enable interErec to older the only



MORLEY COLLEGE appointment of a
DIRECTOR OF FINANCE AND **ADMINISTRATION**

This voluntary College has been providing Adult Education for residents in the Lambeth/Southwark areas of London since 1889. It has a tradition-of high quality Music and Art within a programme currently offered for 13,000 students, ranging from Community Education and Adult Basic Education to the African Dance and Norwegiss. From April 1990 the College will receive a direct grant from the DES. In order to provide the systems which the College will require post 1999 the Council wish to appoint a Director of Finance and Adultistation. A qualification in the area of accountancy would be an advantage.

For details and application form contact Janet Roberts, Principal, Modey College, 61 Westminster Bridge Road, SEI 7HT. Tel: 928 8501. Closing date Tuesday 14 February 1989.

experience, takes precedence over all other considerations, medical cover. including age and qualifications. You will be developing and Applications, including full personal and career details, should be sent to:supervising their extensive computerised accounts system and a good background within a fast changing manufacturing MORGAN GRENFELL Miss G. Nash environment is essential. Energetic, highly motivated and adaptable, you should be capable of responding enthusiastically and effectively to the wide demands of this Morgan Grenfell & Co. Limited 23 Great Winchester Street high calibre post, and keen to identify your own progression London EC2P 2AX with their ongoing development. Please write with full C.V. to Anne Pritchard, PER, 62 High Street, Southampton 509 2EG. Britain's Largest Executive Recruitment Consultancy. FINANCIAL DIRECTOR FINANCIAL CONTROLLER Near Reading c.£27k + car + benefits CARDIFF = An exciting and expanding role - rural Berkshire Style Conferences was formed in 1978 and is now the market leader in the provision of Corporate Training and Education facilities with a T/O approaching £10m. Their established objective is to provide professionally managed, cost effective, high quality residential and training services. They currently operate seven prestigious centres in the South of England and their dients include many well known national and international corporations.

c £25,000 + COMPANY CAR AND BENEFITS

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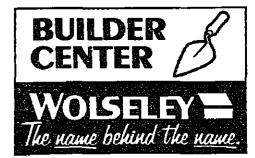
Candidates aged 28-40 are likely to be graduate qualified accountants with excellent management skills and a proven record of effective contribution to the financial management of a large Manufacturing Company.

Benefits include company car, BUPA, performance related profit share, contributory pension scheme and relocation assistance, if necessary.

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FINANCIAL TIMES COMPANIES & MARKETS

Thursday February 2 1989



INSIDE British funds group

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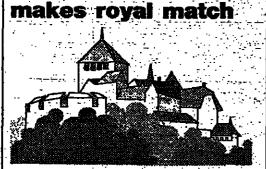
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The prospect of marrying UK fund management expertise to European connections appears to be a swelling theme as GT Man-agement, the London-based financial services company, surrenders its independence to Bank in Liechtenstein, controlled by the principality's royal family. Nikki Tait and John Wicks examine the pros and cons of the royal match and the logic behind such mergers. Page 24

Logging on to the electric dream The sound and fury of the open pits in Chicago and London could be somewhat tempered by a video version of tutures trading. Globex, if approved, will be the first electronic trading system in the US industry, in London, the new futures trading system goes further than any other in replicating the environment of the open outery pit and is planned to be up and running within the next three months. Page 23

Digging out hidden resources



The Government of Guyana believes the country could transattracting foreign investment to help unlock its largely untapped resources of gold, diamonds and timber. Mean-

while, Australia's third gold rush, under way since 1985, is beginning to falter under the Impact of weak bullion prices, a strong Austra-lian dollar and heavier tax obligations: Page 28

La Générale ready to foot any b期 Top managers at Société Générale de Belgique, the diversified Belgian holding company which fought off an unwelcome takeover from Mr Carlo De Benedetti, Italian entrepreneur, last year, revealed they have "access" to roughly \$1bn cash for developing their newlystructured activities. Page 18

Moving debut for NFC



NFC, the UK transgroup, loeks set for a dazzling debut on the London stock

deteriorate, some analysts estimate that early dealings could see the shares as high as 230p. compared to earlier expectations of around 200p. Clare Pearson looks at prospects for the company and its employees after flotation.

Market Statistics

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Companies in this section

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GT Management 24
Gold Fields 25
Groupe Brux Lambert 18 House of Fraser

La Générale Ladbroke Group Laucadia Nat Corp Macmillan Magnet Maxwell Comm Corp Minorco Municijo National Bk Kuwait New Tokyo Inv Trust North Sea & General OAG Oerlikon-Bührle Olivetii Poseidan Reebok Int Ryan International Sears Solvay TNT Thomson T-Line Thom EMI 25 Thyssen 25 Ultramar 18 Usinor Saction

West Industries

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New York prices as at 12-30pm. 733 + 9 262 + 11 THOUSE END | Rifleste | Ship | Shi 2061 293 329 365 456

Simon Hornby, group chairman. Earnings per share rose from share were di 10.02p to 13.27p. The shares Lex. Page 16 Tootal to sell SA textiles stake By Jim Jones in Johannesburg TOOTAL, the UK textiles group, is to sell its 49.8 per cent stake in Da Gama, the South African textiles company, for R175m (\$45m at the prevailing financial rate) to South African Breweries, the diversified beer and consumer products group. Tootal confirmed in January that it was negotiating to sell the stake. Initial indications that it

completely, have not come to pass. The UK company now appears set to remit the proceeds SAB will take control of Da

of the disposal. The textile group under mounting pressure in recent weeks from Mr Abraham Goldberg, the stake-building Australian industrialist, has insisted that any decision to reduce its South African interest would not he based on political grounds but the purchaser, rather than divest part of an overall strategy of

Gama immediately, although Tootal will continue to provide management and technical

advice for at least three years. "homeland" of Ciskei where corporate taxes are minimal and unions are virtually non-existent.

Elders opens a whole new box of tricks

Maggie Urry looks at the Australian group's intervention into MB's proposed link-up with Carnaud

tall, blond Australian with the suitably rugged name of Ross Luke yesterday heaved a large spanner into what until this week had seemed the smoothly oiled progression of a major trans-European packaging merger.

Mr Luke, a representative of

Elders Investments, part of the Australian brewing-to-farming group, Elders IXL, led by Mr John Elliott, was intervening in the proposed link-up between the packaging interests of Britain's MB group (formerly known as Metal Box) and Carnaud, the French packaging business headed by Jean-Marie Descarpen-

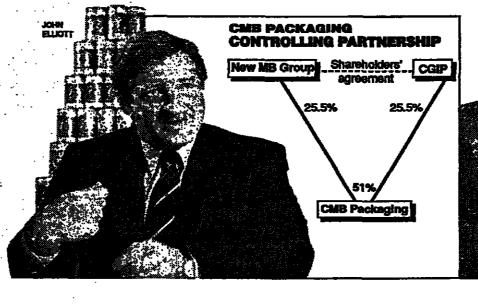
tries. Elders Investments has a 5.7 per cent holding in MB and on Tuesday said it objected to the deal and might itself be prepared to make a £780m cash bid for

MB's packaging side, together with unnamed partners.
Yesterday, at an obscure gathering of MB warrant holders tied to the French deal, Mr Luke spelt out just what Elders disliked about it. The package, he insisted, was "not in the best interests of MB Group sharehold-ers or warrant holders", and he went on to explain why.

Elders outburst is the most

dramatic opposition to the deal. which MB ordinary shareholders will vote on later this month, but it is not the only criticism. A group of former MB directors also entered the fray this week, complaining, among other things, that the bulk of the British group would fall into Gallic hands. Mr Brian Smith, chairman of MB, dismissed their comments as "sadly insular."

Criticisms from Elders will not be so easy to shrug off. The motives of the Australian group are far from clear is it mainly interested in breaking up MB, or does it simply want a better



return on its investment? Between now and the shareholders' meeting the manage-ment of MB will have to answer

three basic questions:

Obes the deal with Carnaud, to form a company called CMB Packaging, have a compelling commercial logic? So far there has been little criticism of this aspect of the French deal - and none from Elders, though its merchant bank, Morgan Grenfell, suggested yesterday that some-thing might be said later.

The MB board argues that its packaging arm will find it much tougher to compete among the giants unless it gets much bigger. Pechiney, the French aluminium group, has paved the way with its takeover of American National Can. Strategically "Carnaud is the

best fit with Metalbox Packaging by a long shot," argues Mr Mike Murphy, analyst at Warburg Securities. Between the two there is coverage of most European markets without much overlap, and combined the group will be by far the largest food can maker in Europe, and a big player in beverage cans.

• Is MB - and therefore its

shareholders - getting the best price possible for injecting such a large slice of the group into the Anglo-French company? The deal, announced in Octo-

ber, was certainly negotiated rapidly and is a very complex package. MB would keep a 25.5 per cent stake in CMB while 16.5 per cent of the CMB shares would be distributed direct to MB share-holders on about a 1-for-80 basis. MB would also get £240m in cash.

MB maintains that the deal values its packaging side at about £830m, compared to Elders £780m, and furthermore, the structure of the deal allows it to retain a large measure of control over the combined group.

Even Elders does not suggest it can put a proper price on Metal-box Packaging without seeing more information about it. The British and French companies were valued equally when the deal was originally put together. Some argue that Metalbox Packaging has greater technological expertise. But a visit to a Carnaud can factory puts this in

 Eiders Investments is objecting to the way MB intends to distribute the proceeds of the deal. It argues that the £240m cash, and can block plans put by the other. Handing the £240m of cash direct to shareholders might not matter much to Carnaud. But it would cause capital gains tax problems for some of the MB shareholders. Furthermore, MB wants the cash to develop the remaining businesses it will be left with

holder agreement which gives both control of CMB. Each side

after the French deal - central heating and bathroom products. and cheque and business forms. There is some logic in Elders argument that if the new MB needs cash it could go to share-holders and ask for it with con-crete proposals. But that would be expensive, since shareholders would have to reinvest from taxed income and MB would have

to pay commissions. The merger proposal may not be perfect, but so far The Australian group has not come up with any firm alternative. Last week it ruled itself out of making a full bid, while this week brought forth the still vague putative

offer for the packaging side.

But analysts questioned whether it would be in the best interests of Metalbox Packaging to be owned, even if only in part, by a brewer - and therefore a customer - than to merge with another packaging group.

The battle still has a consider-

able way to run. Last night MB said it had no intention of allow-ing the merger plan to be diverted. It reckons its institutional shareholders are in favour of the Carnaud plan, and will vote for it at the special meeting on February 24.

MB's stake in the new business Ms Sonia Falaschi, an analyst will be equal to that of CGIP. the at UBS Phillips & Drew, argued that shareholders were unlikely French holding company which to pass up the Carnaud merger Between them the two will have 51 per cent, and the relationship without something much more concrete and generous from will be governed by a share- Elders.

Thyssen no longer interested in Krupp

W H Smith advances

W H SMITH, the retail and closed 8p up at 290p last night, distribution group, yesterday announced a 38.7 per cent rise in cent to £936.0m (£777.8m). Profits

38.7% in first half

By David Goodhart in Bonn

also indicated that it was no Fried Krupp and is unlike less-successful neighbour takeover of the company. Fried Krupp.
Mr Dieter Spethmann,

Thyssen's chief executive, said that he believed there was strong potential synergy between the two companies but in spite of putting much effort into persuading the Krupp management, he had found an unsympathetic response. "The window is now closed", he said at Thyssen headquarters in Dusseldorf.

However speculation remains in Germany about the possibility that Mr Aifred Herrhausen, chief executive of Deutsche Bank, will replace Mr Berthold Beitz as chairman of Krupp when he retires this summer. If Mr Herrhausen does take over he might want to revive the idea of a Thyssen-Krupp merger.

By Flone Thompson in Landon

interim pre-tax profits to £41.6m (\$72.8m).

The group's retailing busi-

nesses, especially Our Price Music, performed particularly well, as did Do It All, the do-it-yourself chain, but distribu-

tion profits were down due to the

impact of the widespread

shake-up in newspaper distribu-tion arrangements and difficul-

The pre-tax advance was for the 27 weeks to December 3, 1988, compared with £30.0m for the 26

weeks to November 28, 1987. The

addition in these results of the

extra week, falling in the crucial

run up to Christmas, has boosted

the profits figure by £1m, said Sir

might form a joint venture with

ties in book distribution.

THYSSEN, the West German However, analysts point out, heavy industrial group, yesterday Mr Beitz will remain head of the reported a flying start to 1989 but trust which owns 75 per cent of longer interested in a takeover of crown his career at Krupp with a

> In the first quarter of 1989 the monthly average turnover at Thyssen increased to DM 2.66bn, (\$1.42bn) more than a 9 per cent increase on the same period last

Last year was itself a record with net income more than doubled at DM 680m and earnings per share, calculated according to DVFA methods, up from DM 14 to DM 25. Net debt is down to DM 1.5bn and the equity portion of the balance sheet he risen from 20.4 per cent to 22.1 per cent largely because of a huge increase in "profit reserves" from DM 674m to DM 1.089bn.

The four major divisions, all grouped around separate quoted companies, were profitable in

on the retailing side, including the sale of newspapers, maga-

zines, stationery, recorded music

and travel, rose by 87.4 per cent to £30.8m (£18.4m) on turnover up

point of sale (EPOS) equipment

into the group's high street chain of 410 shops has had a dramatic effect on getting the product mix right and on profits, said Sir

Simon. The 272-outlet Our Price

chain was the star performer he

Interim dividends of 3.6p (3.0p)

per A share and 0.72p (0.6p) per B share were declared.

The introduction of electronic

from £400.9m to £494.7m.

Siemens to produce intelligent chips'

By David Goodhart in Bonn

SIEMENS of West Germany yesterday indicated its determination to compete with the leading US and Japanese companies in the production of advanced semiconductors by confirming that it will buy from MIPS, a US software and electronics group, a design for the newest 32-bit RISC microprocessor or "intelligent chip".

MIPS is also expected to sell a design to NEC the giant Japanese chip maker.

Siemens already makes 8-bit and 16-bit microprocessors, 4-bit and 8-bit micro-controllers, as well as basic memory chips.

In the mid-1980s Siemens signalled its intention of catching up with the leading US and Japanese chip producers and has sub-sequently invested more than DM3bn (\$1.6bn) in the effort.

Earlier this year Slemens began producing the 1-megahit memory chip and is now producing more than Im a month. The mass production of 4-megabit chips will begin this year. Mr Karlheinz Kaske, Siemens chief executive, said last week that research and development costs alone for the 4-megabit chip amount to DM1.5bn.

The move into RISC microprocessors, a new form of design which yields exceptionally fast processing speeds, is not likely to require such outlays. This is because some of the production technology features required for memory chips can be transferred into the manufacturing systems

The decision to buy the 32-bit said, showing a 68.4 per cent hike in sales, although this fell to a design and thus develop a chip-making capability across the 19.5 per cent rise on a like-for-like range of chips is thought by basis, that is, eliminating the effect of the additional week. some analysts to reflect the aggressive style of Mr Juergen Knorr who now heads the semiconductor division recently split from the larger components

Electrolux profits jump by 21%

the shares in CMB that MB will

retain, should be handed out to

It says that MB shares will be

undervalued by the market

which, as many other cases have

shown, does not accord the true worth to large minority stakes in

MB has several counter-argu-

ments. It says that retaining the

shareholding in CMB will give it

a much greater say in the fate of

the packaging group than indi-vidual shareholders would have

if they held the stake themselves.

quoted companies like CMB.

shareholders.

By Robert Taylor in Stockholm

SALES OF Electrolux jumped from SKr67.4bn to SKr74bn markets.

(\$11.7bn) during 1988. This By contrast, the picture was enabled the giant Swedish white goods manufacturer to increase profits by 21 per cent from SKr3.06bn to SKr3.7bn, after financial items. Net profit per share totalled SKr25 against SKr20.60 and the dividend is being lifted from SKr10 to SKr11.50.

Electrolux said that in 1988 the European market for the company was characterised by a good growth in volume in most coun-

This, together with a continuing restructuring of the company, ensured a marked improvement

in results. There were also better

performances for the group in

less satisfactory in the US, with a

contraction in demand in many product areas. Activities across the Atlantic were also adversely affected by the cost of restructuring the group's air conditioning equipment production as well as by a strike at the company's vacuum cleaner plant in Bloomington. Indiana.

Nevertheless, the future for Electrolux in the US looks good, according to Mr Mikael Sjowall, an analyst at Kleinwort Benson Research in London. "The US market has bottomed out for the company," he said, pointing to the improved position for Electro-

production away from the rustbelt states of the north and midwest to the low labour cost areas of the south.

For the final quarter of 1988, group sales advanced from SKr17.88bn to SKr19.91bn and profits after financial item: improved to SKr1.12bn compared with SKr952m for the corresponding period of the previous year. The fourth-quarter report includes first-time contributions from several recent acquisitions, but not those of Roper and

bourg.
Mr Sjowall said the Electrolux performance was "very promis-ing" and gave every indication that the company would continue lux with its strategic move of to grow at a rate of 10 per cent.

National Aluminum Luxem-

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January 1989



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Da Gama is one of South Africa's largest textile companies with factories in the black

INTERNATIONAL COMPANIES AND FINANCE

Higher volume helps boost MCI

By Roderick Gram in New York

MCI Communications, the US's second largest long-distance telecommunications carrier after AT&T, has reported a five-fold increase in fourth-quarter earnings, reflecting increased volume and a near doubling of margins.

Mr Bert Roberts, president of the company, said: "We prof-ited from a full line of service offerings, a premier sales and service organisation and an increasingly sophisticated net-work. MCI is well positioned for continued strong revenues

Olivetti wins

approval for

Brazil move

BRAZIL'S protectionist

computer industry has suffered

a defeat following a govern-ment decision to designate as

'national" a new company cre-

ated by Olivetti, the Italian

business machines manufac-

The company, Tenpo, was

created to skirt rules which prohibit foreign-owned busi-

nesses from competing against

Brazilian enterprises in the

\$2bn-a-year micro-computer

sector. It is expected to intro-

duce highly competitive micro-computers using Olivetti

Tenpo shares are divided

between an executive board.

more or less duplicating that of

ers, with each group holding 20

held as non-voting stock by

Fides, a Swiss financing com-

The remaining 30 per cent is

The Brazilian Computer

Industry Association has vigor-ously opposed a "national com-

pany" designation for Tenpo.

But after two years of discussion within the Government,

Mr Roberto Cardoso Alves, the

new Industrial Development

Minister, has found in Tenpo's

The decision adds to growing

evidence that the government of President Jose Sarney is

attempting to liberalise the

computer industry, which has been criticised in the past

as inefficient and uncompet-

By Ivo Dawnay

in Sao Paulo

know-how.

per cent.

favour.

and profit growth in 1989." Net profits for the three months ended December soared to \$122m or 46 cents a year earlier. Revenues grew by 38 per cent to \$1.43bn from \$1.04bn

Full-year net climbed to \$346m or \$1.23 from \$64m or 22 cents. Revenues were \$5.14bn, up 30 per cent from \$3.94bn a

year earlier.
MCI said it benefited last year from the introduction of worldwide direct dialling, further strong growth in 800 services in which subscribers pay for incoming calls from their customers, and steady increases in residential and commercial volume.

Higher volume over its transmission network coupled with other operating efficiencies boosted MCI's fourth-quarter operating margin to 13.5 per cent, from 7.2 per cent a year earlier.

It expects further volume growth this year from the introduction of more services

Hyundai in pact with Chrysler

and the start up of a fibre-optic transatiantic cable in which it is a part-owner.
Wali Street also points to
MCI's growing success in winning contracts from key corpo-

About 17 per cent of MCTs revenues come from corporate customers using more than \$250,000 of its services a year. MCI recently added Chrysler and Cray Research to its corpo-

rate customer list, which includes IBM, United Airlines and Merrill Lynch.

HYUNDAI MOTOR is to build cars at its new Canadian plant for Chrysler Motors under a newly signed co-operation agreement which could lead to

other joint projects.
The deal represents Chrysler's effort to catch up with General Motors and Ford Motor which have production links with low-cost Korean companies. The compact Lemans model sold in the US by General Motors' Pontiac division, for example, is made in Korea by Daewoo.

Chrysler has a 21.6 per cent stake in Mitsubishi of Japan which in turn owns 7.5 per cent of Hyundai. In early 1991, the Hyundai

plant 50 miles east of Montreal will start making 30,000 midsized four-door cars for Chrysler which will be sold under the Eagle brand. Although sty-listically different, the cars will be the same mechanically as the Hyundai Sonata which began rolling out of the Quebec plant three weeks ago. Hyundai plans to increase its Canadian production to 100,000

cars a year by 1991. Last year it sold 264,300 Korean-made cars in the US and 81,000 in Canada. Eagle is the nameplate Chrysler gave the models it inherited along with Jeep four-wheel drive vehicles when it acquired control of American Motors last year from Renault

The new car will fill a big gap in the Jeep-Eagle line left by Renault's decision to stop supplying Chrysler with a mid-sized car sold as the Ragie

Medallion, Dealers are left with the Premier, a full-size Renauit-based car built in a Chrys-ler plant, the Summit, a com-pact car imported from Mitsubishi, and the Talon, a sports coupe made in Illinois by a joint venture between Chrysler and Mitsubishl. Maggie Ford in Seoul adds: Mr

Chung Se Yung, chairman of the Hyundai business group, said yesterday the agreement with Chrysler was a step for-ward in Hyundai's plan to become a global manufacturer

in the car industry.

Seoul has expressed concern about trade pressure from Washington. But the new deal, according to Mr Chung, was a symbol of industrial co-operation between South Korea and the US.

Compaq hits target as sales top \$2bn

By Louise Kehoe in San Francisco

than \$2bn in sales for 1988, making it one of the fastest growing companies in US his-

The six-year-old personal computer (PC) manufacturer based in Houston, Texas made its entry into the PC market with the first portable IBMcompatible machines. It has grown to become the third largest PC manufacturer in the world, after IBM and Apple Computer.

Sales of \$2.1bn for the year

by 87 per cent to \$255m or \$6.27 a share, compared with \$136m or \$3.57 the previous year.

yesterday morning.

than expected tax rate boosted fourth-quarter earnings by 14 cents a share. Mr Ron Canion, president quarter's strong performance." European sales were especially strong in the final quarter. International sales, exclu-

The capacity of the company's manufacturing facility

Olivetti and holding 30 per cent, its employees and retail-

COMPAQ Computer achieved its goal of registering more

represented a gain of 69 per cent over 1987, when the company reported revenues of \$1.2bn. Net income increased Compaq's stock price rose by \$1% to \$71% in heavy trading

Net income for the fourth quarter was \$92m or \$2.18 a share against \$49m or \$1.25, an 88 per cent increase. Sales of \$668m were 55 per cent higher than the \$432m reported in the same period of 1987. A lower

and chief executive, said: "Strong worldwide sales of our entire product line contributed both to the year's and to the

ding Canada, contributed 39 per cent of the company's revenue in 1988. To support growing international sales, two new Compaq subsidiaries were opened during the year, in Switzerland and Belgium.

in Erskine, Scotland was dou-bled during the year. In Singa-pore, Compac also doubled its circuit board manufacturing operations, while in the US a ing and administrative facilities is underway.



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Drexel may face Atlantic City ban

By James Buchan

DREXEL Burnham Lambert, the Wall Street investment firm at the centre of a US insider trading scandal, faces being barred from conducting business in Atlantic City under laws designed to keep organised crime out of its big

organised crime out of its big casino industry.
State regulators in New Jersey confirmed yesterday that they were seeking to disbar Drexel from financing casino operations in Atlantic City until local regulators can rule on its fitness to hold a state licence to deal with casinos.

Even a temporary ban would be a blow to Drexel, which ploneered casino financing for Wall Street. It would set back the firm's efforts to shake off

the firm's efforts to shake off the insider trading scandal with its decision last month to settle with Federal prosecutors in New York and plead guilty to six felony charges.

It could also hand Drexel's

rivals on Wall Street a valu-The highly successful and aggressive investment firm is believed by the state's Attor-ney General to have underwritten some \$3.2bn in junk or speculative securities for such Atlantic City operators as Bally, Golden Nugget and Cae-sar's World — and earned

\$120m in fees. The firm itself says it has provided \$2.50m in capital to the casinos, 70 per cent of the funds raised by the Atlantic

Drexel is confident it will gain a licence. Mr Steven Anreder said: "We believe we've done things which will enable us to obtain the

Mr Anthony Paretti, head of gaming-law enforcement at the New Jersey Attorney General's office, said he had asked the state's Casino Control Commission to stop Drexel conducting business in Atlan-tic City until the licence hearing because of the New York charges. He said he expected the commission to agree to the temporary ban.

Drexel was forced to seek a licence two years ago as part of the commission's rigorous screening of casino suppliers, ranging from building companies to laundry services.

The commission, formed in 1977 when gaming began in Atlantic City, is credited with preventing organised crime, which became entrenched in the older Nevada industry, from taking over the Board-

Ironically, it was Drexel that took casino financing out of the twilight of mob-related

"Historically, the casinos were not financed by your typical Wall Street and bank investor. Drexel was the first," Mr Paretti said.

NEWS IN BRIEF

PENNZOIL, the US resources company, doubled fourth-quarter net income, largely a result of income gained from invest-ment following the \$3bn legal settlement with Texaco.

Pennzoil's fourth-quarter net rose to \$36.im or 88 cents a share from \$19.1m or 37 cents a year ago, while invest-ment income advanced to \$35.7m, against a loss of \$11.8m.

At year end, earnings soared to \$1.5bn or \$37.58 after the Texaco settlement, up from \$45.5m or 72 cents in 1987. investment income jumped to \$141.7m from a loss of

The full-year figures include a \$1.7bn or \$42.62 after-tax and expenses gain from the settlement with Texaco. The period also includes after-tax charges of \$303m or \$7.80 from asset writedowns.

the Dallas-based airline, nearly doubled fourth-quarter profits, with net income rising to \$16.1m or 51 cents a share, against \$8.9m or 28 cents last

Revenues increased to 225.8m from \$193.9m. At year-end, net income jumped to \$57.9m or \$1.84, compared with \$20.2m or 63 cents on revenues ahead at \$860.4m, against \$778.8m.

Last year's figures include a \$3.6m gain from the sale of financial assets and \$5.5m from aircraft sales, while the previous year's results were boosted by \$10.2m from the disposal of the Transhuttown assets, less shutdown expenses, and \$4.3m from the sale of financial assets.

 CASCADES, the Québec based pulp and paper products group, is expanding its pack-aging materials interests in tonnes-a-year boxboard plant in Duffel, Belgium, from Paw-malter and Gim. The deal will increase Cascades' boxboard capacity in Europe, mainly in France, to 325,000 tonnes a

La Générale can draw on \$1bn to fund development

By Tim Dickson and David Buchan in Brussels

THE TOP managers of Société Générale de Belgique, the diversified Belgian holding company which last year fought off an unwelcome takeover from Mr Carlo De Bene-detti, the Italian businessman, revealed yesterday that they have potential for raising roughly \$1bn of cash to develop their newly structured activities.

In a wide-ranging interview with the Financial Times 12 months after the dramatic bid battle began, Mr Herve de Car-moy, chief executive, and Viscount Etienne Davignon, La Genérale's vice-president and chairman elect, talked about the strategy they are develop-ing for the group's subsid-iaries, the relationship with Compagnie Financière de Suez, the French investment bank which is the company's new owner, their hopes for the share placing planned for this summer, and their attitude to Groupe Bruxelles Lambert, the country's other major holding

With the new management and new shareholders now nearing the end of a detailed review of their vast portfolio of businesses, Mr de Carmoy and Mr Davignon are anxious to present a fresh image and clearer objectives for the group. It is usually depicted as a sprawling empire of more than 1,200 stakes covering everything from diamonds and transport to building, banking and zinc processing.

Mr de Carmoy affirmed La Générale's role as an industrial and financial holding company which was firmly committed to 12 key industrial companies in four main "lines of business" which are either already leaders or "have the capacity for European or world leadership in the next two to three years." The four are materials, eg non-ferrous metals under Union Minière; energy and technical services under Tractebel; leaders in other activities such as CMB in shipping and FN Her-stal in arms; and financial ser-vices, notably Générale de Banque and Groupe AG in

La Générale wanted, in the next few years, to rank at least among the top three groups in Europe and the first five to six in the world "in every industrial activity we are in." Failure to achieve this objective would result in a rethink but

GROUPE Bruxelles Lambert, Belgium's second-largest holding company, yesterday announced details of a complex share swap which reinforces its direct participation in Petrofina, the Belgiau oil group, and Tractebel, the country's energy, telecommunications and media concern.

Petrofina and Tractebel were subject to stock market speculation last year amid suspicions they were becoming a battleground for the ambitions of GBL and Société Générale de Belgique, the other hig Belgian holding company. GROUPE Bruxelles Lambert,

Mr Davignon insisted "the emphasis is on staying, not eaving."

While committing itself to the development of these industrial and financial sectors (which account for roughly 70 per cent of the value of the portfolio and 85 per cent of cur-rent profits), La Générale is also signalling its intention to expand into new areas by grouping together its portfolio of other stakes under a fifth

broad beading. "This is the mobile part of the company," Mr de Carmoy explained, "where we can trade more, invest more if we want. "If you combine this with the fact that we have a borrowing capability which is largely umused, and capital which is committed but not yet called upon, it means that we probably have room for manoeuvre of around \$1bn.

The important thing is that we have a capacity to move though we are certainly not planning to make a splash by spending it all in one go. That would destroy our credibility."

La Générale's recent deci-sion (confirmed yesterday) to take over stakes previously held by Suez in the French hotel chain Accor (9.4 per cent), the construction company Bouygues (9 per cent) and Club Mediterranée (2.4 per cent) has nevertheless come in for sharp criticism from some analysts that the deal was done largely to suit its French parent's requirement for cash.

Mr Davignon, however, defended the move, maintain-ing the deal had been done at "arm's length," involved little financial risk for La Générale and yet provided the opportu-nity to develop cautiously into promising new sectors.

Yesterday's move does not change the balance of power, switching stakes held previously by key GBL shareholders and friends directly into the "daughter" company.

Under the deal, GBL is issuing 1,245,654 new shares, ingressing its chare capital by

increasing its share capital by 7 per cent. In return it gets 181,728 shares in Petrolina held by Swiss-based Pargesa, 90,864 shares in Petrofina held by Compagnie Nationale a Por-tefeuille, and 26,724 Petrofina and 100,000 Tractebel shares held by Cobepa, another Bel-gian holding group.

The recent sale of a small stake in the telecommunica-tions concern Alcatei - partly on the grounds that the particl pation was not sufficient to wield any real influence - was not comparable because in this case the attitude of the main shareholders on bringing the

company to market had

Turning to the parent com-pany's relationship with its subsidiaries, Mr de Carmoy talked of removing the "ambiguity" which existed in the past. The new message to La Générale's "daughters" was that they should pursue a pol-icy of paying out a higher level of dividends and not, as in the past, try to smooth out fluctua-tions in performance by provid-ing a steady stream of income.

"It is important they should know that if they have a good year they can pay out a normal amount and not be blamed two years down the line if they suf-fer a reverse. We will support

them," he said. Mr de Carmoy summed up his style as "action orientated, people orientated" and said that creating the new La Générale was "a three- to five-year

Asked about the planned offer for sale sometime this summer of the 12 per cent stake in La Générale held by Sodinerst—a company owned 51 per cent by Suez and 49 per cent by the Belgo-Luxembourg group of investors— Mr de Carmoy explained that the idea was mainly to woo back Bel-

gian investors. "We are also keen in the longer term to have UK and Japanese shareholders. In my experience of working in the UK, the real British investor is sta-ble and interested in the long

Reebok earnings fall sharply to \$6.7m

REEBOK International, the shoe and clothing manufac-turer 32 per cent owned by Pentland Industries of the UK, has reported a steep dive in

fourth-quarter earnings. Net profits for the three months ended December fell to \$6.7m or 6 cents a share from \$34.2m or 30 cents a year ear-

Sales slipped to \$330.6m from \$340.2m

The Massachusetts-based company warned in late November that its fourth-quar-ter profits would shrink to between 1 cent and 6 cents a share because of increased competition and thinner mar-

Reebok also tightened man-

agement control of its Rock-port and Avia shoe divisions after their sales growth fell

short of targets. For the first time in its spec-tacular nine-year history, the company's full-year net profits fell, declining to \$137m or \$1.20 from \$165.2m or \$1.49. Sales stood at \$1.79bn against

This announcement appears as a matter of record only.

TRAKYA CAM SANAYİ

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BECTEATING

National Mutual Caring for our clients.



The 119th Annual General Meeting of The National Mutual Life Association of Australasia Limited was held at the Regent of Melbourne Hotel, 25 Collins Street, Melbourne on Tuesday, 31st January 1989. The

following are highlights from the Chairman's Address to the Meeting.

I am pleased to announce that the National Mutual Group has achieved a great deal in the past year.

High investment performance.

It is most interesting to consider the post-crash investment performance of National Mutual in Australia. The average rate of earnings after tax on our superannuation and life insurance Statutory funds for the 12 months to 30th November, 1988, was 16.8% for the No. 1 Fund and 14.2% for the No. 4 Fund.

The Balanced Portlolio in Australia's Number 2 Fund has averaged 20.5% per armum "

logation to bourge kind its my over the three years to 30th November, 1988. **UK£million** For the year ended

50 Total investment credits on capital guaranteed policies.

30th September, 1988, the Group allocated bonuses of £193 million to qualifying policies. For the same period

an amount of £138 million was credited to our life insurance and superannuation capital guaranteed policies.

Excellent sales results.

The Group's new premium and contribution income of £1,258 million for the year ended 30th September, 1988, was 40% higher than last year (£897 million). New premium and contribution income for the calendar year to 31st

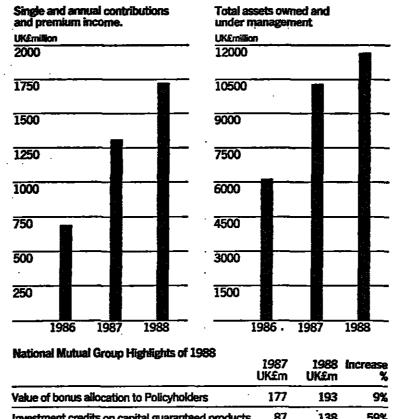
December, 1988 was over New premiums and contributions. £1.4 billion. This is the first time that any Group headed by an Australian... life office has recorded such 1000 a high level of new business and we are very proud of this result.

In the United

Kingdom new annual premiums amounted to £25.2 million for the year end 30th September, 1988, which was 44% higher than the previous year (£17.5 million), single premiums and unit trust sales of £185 million were 30% lower than the previous year (£266 million).

As a company we do not believe in growth for its own sake.

However, growth and increased market share are good indicators of the public's perception of a company. Our increased new business market share demonstrates that we have the right products and services to suit our client's needs.



	UK£m	1988 UK£m	increase %
Value of bonus allocation to Policyholders	177	193	9%
Investment credits on capital guaranteed products	87	138	59%
New premiums and contributions	897	1,258	40%
¿Total insurance in force (including bonuses)	38,835	49,005	26%
Total premium and contribution income	1,284	1,729	35%
Payments to policyholders and clients	650	908	40%
Total assets owned or under management	10,301	11,399	11%

The National Mutual Group comprises: The National Mutual Life Association of Australasia Ltd, Life insurance subsidiaries internationally, other subsidiaries internationally. Trusts and other assets under management by National Mutual Companies. Premium and contribution income includes deposits in respect of National Mutual Portfolio Management and approved deposit funds. All figures are expressed in Pounds Sterling using exchange rates as at 30 September 1988.

Major diversification.

The Annual General Meeting provides a good opportunity to remind policyholders of what the National Mutual Group is all about. There have been a number of significant changes to the business and regulatory environment in recent years including:

- The deregulation of financial markets in Australia, New Zealand and the United Kingdom.
- Globalisation of many aspects of the financial services market.
- Enormous advances in technology.
- The entry of new players into the life insurance

National Mutual remains a major provider of life insurance, investment and pension products. To compete successfully in the new environment, the decision was made some years ago that the National Mutual Group would take advantage of local and global opportunities in life insurance and other financial services. This approach enables policyholders to reap the benefits of larger size and international opportunities.

In pursuance of this objective during 1988 the Group has:

 Acquired two United States-based life offices, Integrity Life Insurance and National Integrity

Life Insurance. We believe these acquisitions will give us profitable entry into the largest life insurance market in the world.

• Set up an International Investment House which has the responsibility for managing offshore funds from Australia and New Zealand together with the funds in our other international operations. This operation is well positioned to develop the role of fund manager for clients in overseas markets. • Integrated our many Australian businesses

including Australian investments. We expect that these changes will lead to increased efficiency in our operations, greater levels of service for our clients and increased market penetration both at home and abroad.

Strategies for the future.

The keystone around which our long term goals and strategies are built is the mission statement of the Group Managing Director, Mr Eric Mayer.

"To ensure that all our people will eagerly and enthusiastically give exceptionally good service to the most important person, our client."

In the light of this mission statement the Board has adopted a number of strategic goals:

"To be a dynamic, secure, profitable and forwardlooking international linancial services group."

"To provide exceptional service to all policyholders."

"To ensure that our policyholders receive good value for money."

In pursuit of these we recognise the need to be a good employer and a good corporate citizen in the communities we serve. We have over the past year put in place strategies and policies to ensure that these goals are achieved.

Your Board is confident that their achievement will result in even better service for clients, providing a very good return on clients' money with products that change as the needs of clients change.

Send for our 119th Annual Review.

If you would like to know more please read our 1988 Annual Review which can be obtained by filling in and returning the coupon below.

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BANCO BILBAO VISCAYA

NOTICE OF ANNUAL GENERAL MEETING

The first Ordinary General Meeting of Banco Bilbao Vizcaya will be held on Saturday, 25 February, 1989 at 12.30 pm, at the Cine Capitol, Villarias 10, Bilbao, Spain.

The agenda for this meeting is as follows:

- Adoption of the financial statements and administrative matters for 1988, including the declaration of the dividend
- 2. Appointment of Directors.
- 3. Appointment of Shareholder Auditors for 1989.
- 4. Approval of accounting practices in relation to the
- 5. Authorise the Board to increase the share capital of the company from time to time as the Board sees fit on terms that are considered appropriate, whether for cash or other consideration, in accordance with Articles 88, 94, 95, and 96 of Spanish Company Law (dated 17th July 1951), and provided that Articles 5 and 6 of the Company. Statutes have been modified where appropriate.
- 6. Authorise the board to issue, in accordance with Spanish Company Law, EEC Directives and other applicable legal requirements, treasury bonds, securities or any equivalent bonds in pesetas or other currencies to be subscribed for in cash or other consideration which may be completely or partially convertible into the company's shares or the shares of any other company in the manner and under conditions stipulated by the Board, modifying Article 5 of the Company Statutes where appropriate.
- 7. Approval of the Minutes of the meeting.

BUSINESS AVIATION & CHARTER

The Financial Times proposes to publish a Survey on the above on

30th March 1989

For a full editorial synopsis and advertisement details, please contact:

Tim Kingham

on 01-248-8000 ext 3606 or write to him at:

Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

INTERNATIONAL COMPANIES AND FINANCE

French steel group shows first profit in 14 years

USINOR SACILOR, the French steel group, yesterday announced its first profits for

Mr Francis Mer, the state-owned group's chairman, said net profits in 1988 were esti-mated at FFr4.5bn (\$709m), after a loss of FFr5.5bn in 1987 and of FFr12.5bn in 1986. Mr Mer greeted the results

with modesty since the upturn in demand for steel had brought an increase of around 7.5 per cent in both demand and prices. "I think we took slightly better advantage of market conditions than our competitors, but all steelma-kers profited," he said.

This year had started relatively well, Mr Mer said, and he expected results to be at least as good as those recorded in 1988.

At some point, however, he expected steel demand would inevitably decline from its current levels, which have left steelmakers in Europe unable

BSN alters

structure

vice chairman.

management

By George Graham

BSN, the French foods group which is the world's leading

producer of dairy products, has reorganised its management structure, at the same time promoting Mr Georges Lecal-

lier to the position of executive

Mr Lecallier, who was

already widely viewed as a

probable "dauphin" to BSN's 70-year-old chairman, Mr

Antoine Riboud, will share the

tasks of chief executive with

Mr Pierre Bonnet, deputy chief

In addition, BSN plans to

split the operational manage-ment structure of its main

dairy products division, which

accounted for FFr11.07bn of the

group's total sales of FFr42.18bn (\$6.6bn) in 1988.

remain in charge of the inter-national activities of this divi-

sion, as well as of BSN's Far East operations, but Mr Phi-lippe Lenain will take over European dairy product

Mr Claude Le Gouis will

to meet all their customers' sheet arm tripled to FFr1.77bn. requirements.
"There is no question of

increasing capacity," Mr Mer said, adding that when the market turned down he would argue for the reintroduction of a form of the EC production quotas system abandoned in July last year. Every area of the group's

activities showed an improve ment last year, with only the bar and rod product divisions - both carbon and special steels - still slightly in the The operating loss on carbon

bar and rod was cut to FFr60m, from FFr1.4bn the previous year, while the loss on special steel long products was reduced to FFr135m from FFr442m in 1987. As in 1987, Sollac sheet prod-

ucts were the main source of earnings. Operating profits nearly quadrupled to FFr4.2hn in this division. Profits from the stainless and special steel Mr Mer announced that Usi-nor Sacilor plans to invest FFr650m in a new galvanising line at Sainte Agathe in the Lorraine region, designed to produce around 250,000 tonnes

a year of coated sheet for the

car industry.

He said steelmakers had fallen behind their customers' demands for galvanised sheet, which was expected to rise from around 26 per cent of car-makers' sheet consumption in 1987 to 60 per cent by 1992.

Mr Robert Hudry, finance director, added that Usinor Sacilor's total debt had been

reduced by around FFr5bn over the course of 1988 to some FFr22bn at year-end. Financial costs remained sta-ble at FFr3.06bn, but this included non-recurrent costs

from efforts to reduce the group's long-term fixed interest rate debt. Financial costs in 1989 are expected to be closer to FFr2bn, he said.

Brazil plans \$3.57bn sale of state company assets

By John Barham in Sao Paulo

BRAZIL is planning a \$3.57bn sale of state company assets this year as part of a wider reform of its 200 debt-ridden state companies.
The Planning Ministry,

which is responsible for economic strategy, says it will use the money to reinforce the state companies' \$15bn invest-ment budget this year. The sales will not reduce the

size of the public sector appre-ciably, since two-thirds of the funds will come from property sales and stock issues. The Government is also pre-

paring to loosen the controls over its larger companies, while making senior manage-ment personally responsible for meeting performance tar-Companhia Vale do Rio

Doce, a giant state mining concern, is the first company to submit a proposal to the Plan-ning Ministry, but the terms of its performance targets are still confidential. Mr Antonino Trevisan, a former government official who

W THE MATTER OF

RINTERS (WONCESTER) LIMETER (IN RECEIVERSHIP)

THE MISOLVENCY ACT 1986

IN THE MATTER OF

REGISTERED OFFICE

37 Friar Street Worcester WR1 2KA

Notice is bereby given pursuant to Section 48 of the Insolvency Act 1995, that a Meeting of Creditors of the above Company will be held at The London Chember of Commerce, 69 Carenon Street, London EC4 at 12 accs on Thursday 28th January 1989.

A form of Proxy is enclosed and a creditor is entitled to vote only if he has sent to the Joint Administrative Receivers at Booth White & Co., 1 Wardrobe Piace, Carter Lan, London ECAV SAJ, not later than 25th Jenuary 1989 details in writing of the debt that he claims to be due to him from the Company and the claim has been duty admitted under the provisions of The Insolvency Rules 1986 and there has been todged with the Johnt Administrative Receivers any Proxy which the creditor intends to be used on his behalf.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the Meeting. Creditors whose claims are partially secured should deduct the value of their Security from their total claims and they will only be allowed to vote on the unser-

Signed 12th January 1969 C.G. WISEMAN

JOINT ADMINISTRATIVE RECEIVER

devised the policy, said it could increase productivity by 20 per

State company asset sales were planned two years ago, but were impeded by bureaucratic intrigue in Brasilia. An official said the Planning Ministry hoped to net \$1.32bn this year from selling off property, including office buildings, houses and farms owned by the companies.

A further \$1.35bn is to be raised on local capital markets.

The Ministry would not say what kind of paper it wanted to issue but the market suspects that most of it would be preferred stock or non-convert-ible debentures, which would not reduce government control of the companies.

The sale also includes a long-dormant privatisation scheme, which is intended to yield \$900,000.

There is little enthusiasm Brasilia for a complete sale of state companies, and congress is believed unlikely to approve a government proposal.

reports first sales rise **since 1984**

By John Wicks in Zurich

OERLIKON-BUHRLE. the Swiss industrial concern, yes-terday reported a 3.5 per cent growth in consolidated turn-over last year to SFr4.25hn (\$2.70hn), the first time sales have shown an increase since 1984 when they reached some

The improvement took place despite divestment of a num-ber of subsidiaries as part of a restructuring programme.
Without these divestments,
turnover would have risen by

turnover would have risen by a further 4.5 per cent.

While the group will record a further loss for 1988, the Zurich-based parent Octilkon-Bührle Holding says the year will show a "significant improvement over the very poor 1987 results."

Group losses had then amounted to SFr115.2m, fol-lowing a loss of SFr89.8m for

the previous year. The holding company last paid a dividend in respect of 1985.

A breakdown of turnover points to a gain of more than 12 per cent in the military products sector, where deliveries were "generally made on schedule."

In the civilian products field, turnover fell due primar-ily to the divestment of further engineering companies.

The Swiss Banking Commission has withdrawn the banking licence of Banca di Partecipazioni ed Investimenti of Lugano with immediate effect. The commission said the bank no longer met the requirements necessary for a continuation of business.

The Lugano bank was affili-ated to the Lebanese Al-Mashrek Group and had recently merged with the Geneva-based Banque Libanaise pour le Commerce Suisse.

The commission sent un observer to Lugano in November to ascertain whether the bank was affected by financial difficulties within the Al-Mashrek concern.
The commission is under-

stood to have found that these had led to "liquidity bottle-necks" in the Lugano bank. This is, however, not known to be insolvent and in any case has few outside deposits.

Swiss group | Enimont offers 20% on Milan bourse

By Alan Friedman in Milan ENIMONT, the fiedgling Italian joint venture chemicals company that is controlled by the state-owned Enichem and by Mr Raul Gardini's Ferruzzi-Montedison group, is hoping to raise around L1,000bn (\$731m) by offering 20 per cent of its stock to investors on the Milan

The plan, which is being examined by senior executives at the ENI group, which con-trols Enichem, and at Ferruzzi, is expected to go forward

Mr Sergio Cragnotti, an aide to Mr Gardini who has been appointed managing director of Raimont, said in Milan yesterday that he expected the joint venture to obtain a share listing on the Milan bourse this

When asked to confirm persistent reports that Enimont might seek to raise as much as L1,500m from a share sale, Mr Cragnotti said: "I don't think the amount will be higher than

Enimont combines the assets

of Enichem and most of the chemicals and related busi-nesses of Montedison and rep-resents Italy's attempt to achieve the critical mass needed to compete in the global chemicals sector. The venture is expected to have amusi sales of around \$10bn.

10

amual sales of around 100n.
In order to secure a share listing for Enimont this year, it will be necessary for Consob, the Italian stock market regulatory authority, to make an exception for the new company. Normally companies seeking a quotation must have a track record of at least three years of audited balance

> Among the merchant bank advisers that appear interested in either buying a direct equity stake in Enimont, or at least underwiting the share offer, are Mosgan Stanley, Goldman Sachs, Prudential Bache, Mediobanca, Crediop and IML An executive involved in the Enimont plan said the various merchant banks were already prepared to buy the entire 20 per cent of equity to be offered.

Solvay ahead by 23%

By David Buchan in Brussels

SOLVAY, the Belgian chemical group, yesterday announced a 13 per cent increase in sales and a 23 per cent rise in net earnings for 1988 compared with 1987 due to a broadlyed improvement led by its plastics sector.

Net profits rose to BFr14.96bn (\$384m) for last year, compared with BF12.17bn the year before on turnover which increased from BF1223.6bn to BF1252.6bn.

it broke new records, with buoyant demand enabling substantial increases in sales. The company's other activities in alkalis, peroxygen products, and health products — both human and animal — also recorded sales increases.

The Solvay board has approved an increase in capital expenditure this year to BFr26.5bn, up from BFr22bn last year, and increased research and development spending from BFr10.5bn to BFr11.5bn.

In plastics, the company said

Vienna bank takes 51%

By John Wicks

Landerbank of Vienna has acquired a majority sharehold-ing of 51 per cent in BFZ Bank-finanz, which is based in Zur-

BFZ is to raise its capital from SFr20m to SFr50m (\$31.8m), with just over SFr25m

OESTERREICHISCHE of the new shares to be purchased at issue price by the Austrian bank. BFZ was set up only last April and is active primarily in the fields of portfolio manage

ment, securities and foreign exchange trading and private

LEGAL NOTICES

IN THE MATTER of

IN THE MATTER of CONNAUGHT MACMILLIAN PAPER LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named Company will be held at the offices of Cork Guity, Shelley House, 3 Noble Street, London ECZY 7DQ at 11.00 am on Friday 24 February 1888 for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers. n 48 of the said Act and, i

shown below, no later than 12.00 pm on Thursday 23 February 1989 written details of the debts they claim to be due to them from the Company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

Date: 24 January 1989 C J Hughes and R M Addy

Administrative Inches Cork Gully Shelley House 3 Noble Street Landon EC2V 7DQ

IN THE MATTER OF THE INSOLVENCY ACT 1986 - a n d -IN THE MATTER OF CONNAUGHT PAPER SALES LIMITED

NOTICE IS HEREBY GIVEN, pursuent to Section 45(2) of the inschency Act 1986, that a meeting of the unsecured creditors of the above named Company will be held at the offices of Cork Gully. Shelley House, 3 Noble Street, Landon EC2V 7DO at 11.00 am on Friday 24 February 1989 for the purpose of having teld before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act and, it thought fit, expointing a Committee.

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23 February 1966 written dealts or the cebrs they claim to be due to them from the Company, and their

unders have been duly admitted under the provisions of Rule 3.11 of the insol-vency Rules 1880; and (b) there has been lodged with us any proxy which the creditor intends to be used on Date: 24 January 1989

C J Hughes and R M Addy Administrative Receivers Cork Gully, Shelley House 3 Noble Street, London ECZY 7DQ

NOTICE OF APPOINTMENT OF HISTRATIVE RECEIVER FOR NEWSPAPER OR LONDON GAZETTE

METRIERCOTT (CHEMISTS) LIMITED

istered number: 777314

grocery
Trade classification: 16 and 22
Date of appointment of administrative
receiver: 6th January, 1996
Name of parton appointing the administrative receiver: Lloyds Bank pic

IN THE MATTER of THE INSOLVENCY ACT 1966 IN THE MATTER of E M AGENCIES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the insolvency Act 1986, that a meeting of the unsecured creditors of the above named congeny will be held at the offices of Cork Guily, Shelley House, 3 Noble Street, London EC2V 700 at 11,00 am on Friday 24 February 1989 for the purpose of taving laid before it a copy of the report prepared by the Administrative Receivers under Section 45 of the said Act and, If thought Rt. appointing a Committee.

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23. February 1359 written details of the debts they claim to be due to show from the Company, and their claims have been duly admitted under the provisions of Rule 3.11 of the insul-

Date: 24 January 1989

C J Hoghes and R M Addy Administrative Receivers Cork Gully Ork Gully Sheltey House 3 Noble Street London EC2V 7DQ

IN THE MATTER of THE RISOLVENCY ACT 1986

SH THE MATTER of

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the trasecured creditors of the above named Company will be held at the offices of Cork Gully, Shedley House, 3 Nobile Street, London EC2V 7DC at 11.00 am on Friday 24 February 1989 for the purpose of having leid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act and, if thought fit, appointing a Committee.

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23. February 1960 written details of the debits they claim to be due to them from the Company, and Steir claims have been duy admitted under the provisions of Rule 3.11 of the head-vency Rules 1960; and

there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Cork Gully Shelley House 3 Noble Street London ECZV 7DQ

JOHN YOON & PARTHERS LIMITED

Registered number: 426049 Date of appointment of joi receivers: 20 January 1989 Date of appointment of the processor of

- and -IN THE MATTER of PAPER FOR PUBLISHING LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48[2] of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named Company will be held at the offices of Cork Gutly, Shelley House, 3 Noble Street, London EC2V 7DO at 11.00 am or Friday 24 February 1999 for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 45 of the said Act and, if thought the appointing a Committee.

(a) they have delivered to us at the address shown below, no later than 12.00 pm on Thursday 23 February 1989 written deaths of the debts they cleim to be due to them from the Company, and their claims have been duly admitted under the provisions of Rule 3.11 of the insor-vancy Rules 1980; and

C J Hughes and R M Addy Administrative Receivers Cork Guily Shelley House 3 Noble Street Landon EC2V 7DQ

IN THE MATTER OF THE INSOLVENCY ACT

en the Matter of Q R Machillan Paper (MIDLANDS) LIMITED (in Receivership)

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1995, that a meeting of the unsecured craditors of the above named Company will be tield at offices of Cork Gutty, Shelley House, 3 Noble Street, London ECPV 7DQ at 11.00am on Friday 24 February 1999 for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act and, if though fit, appointing a Committee.

they have delivered to us at the address shown below, no later than 12.00pm on Thursday 23 February 1969 written details of the debt stey claim to be due to them from the Company, and their claims have been duty admitted under the provisions of fluie 3.11 of the insolvency fluies 1986; and

Creditors are entitled to you it.

there has been lodged with us any proxy which the creditor intends to be used on his behalf. Date: 24 January 1989

COMPANY NOTICE

SECURITIES FUND Societe d'Investissement A Capital Variable Luxembourg

R.C. Luxembourg: B24 537

Notice of Dividends

U.S. MORTGAGE

share is to be paid on and siter Febru-ary 2nd, 1969 to shareholders against remittance of Coupon No. 2

IN THE MATTER OF THE INSOLVENCY ACT 1986 IN THE MATTER OF

STATIONERY PRINT LIMITED (IN RECEIVERSHIP) REGISTERED NO. 967882 TRADING ADDRESS AND GISTERED OFF 87 Frier Street

Notice is hereby given pursuant to Section 48 of the insolvency Act 1986, that A Meeting of Craditors of the above Company will be held at the London Chember of Compence, 69 Centern Street, London 204 at 12 noon on Thursday 20th January 1989.

A form of Proxy is enclosed and a creditor is entitled to vote only if he has sent to the Joint Administrative Receivers at Booth White & Co., 1 Wardrobe Place, Carter Lans, London EC4V 6AJ, not later than 25th January 1909 details in writing of the debt that he claims to be due to him from the Company and the claim has been duly admitted under the provisions of The Insolvency Rules 1995 and there has been lodged with the Joint Administrative Receivers any Proxy which the creditor intends to be used on his behalf.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the Meeting. Creditors whose claims are partially secured should deduct the value of their Security from their total ofafirn and they will only be allowed to vote on the unsecured portion of their claims.

C.G. WISEMAN JOINT ADMINISTRATIVE RECEIVER

COMPANY NOTICES

GRAND METROPOLITAN PLC £100,000,000 nominal 6% per cent. Subordinated Convertible Bonda due 2002

"Bonds") of Grand Metropolitan 1988.

Adjustment of Conversion Price NOTICE is hereby given to the Company of 122,942,119 units of holders of the £100,000,000 400p each of 5.75 per cent. nominal 64 per cent. Subordinated Convertible Unsecured Loan Stock Convertible Bonds due 2002 (the 1989 amounced on 4th October,

"Bonds") of Grand Metropolitan
PLC (the "Company") that the
Acquisition of Pillsbury took place
on 6th January, 1989 and
accordingly, with effect from that
date, the Conversion Price of the
Bonds is adjusted to 658p per
Ordinary share of 50p nominal
value ("Share"). Prior to this
adjustment, the Conversion Price
of the Bonds was 666p per Share.
This adjustment is made pursuant
to Clause 6(B)(v)(a) of the Trust
Company Limited, 40 Chancery.
Lane, London, WC2A LIN during
to Clause 6(B)(v)(a) of the Trust
Deed constituting the Bonds and
following the rights issue by the

SRITARYS REGENERATION FUND Registered Officer LUCE XIRQ, 14, rue Aldringen mrxxxx Section B 28,277

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Sturretoiders of Britain's Regeneration Fund, Sign with be held at its registered office at Lucentoourg, 14, rue Aldringen, on 10th February, 1999 at 14.00 p.m. for the purpose of considering and voting upon the following statters:

2. To hear and accept:

a) the management report of the directors
b) the report of the independent auditor
2. To approve the balance sheet and profit and loss account and to allocate the net profit as at 30m September, 1969.
3. To discharge the directors with respect to their performance of duties during the year ended 30th September, 1965.
4. To elect the directors to serve until the next annual general meeting of shareholders
5. Amenting the business.

The strareholders are advised that no quorum for the general meeting is required and that decisions will be taken at the majority of the shares present or represented at the The Board of Directors

NEW ISSUE Jan my 31, 1989 **FannieMae**

\$900,000,000 9.75% Indexed Sinking **Fund Debentures.** Series SF-1999-A

Dated February 10, 1989 Interest payable on outstanding principal amount on August 10, 1989 and semiarmusily thereafter.

Cusip No. 313586 C56 Price 99.875%

Beginning on February 10, 1993 and on each interest Payment Date thereafter until the Debentures have been paid in full. Famile Mae will redeem, as a mandatory sinking fund redemption, a pro rate portion of each Debenture. The aggregate principal amount to be redeemed on each euch date will vary, will be determined as sat forth in the Supplement to Guide to Debt Securities information statement, and may be note in certain cases. Famile Mae has no optional redemption rights with respect to the Debentures. February 10, 1999 is the Maturity Date, but payment in full of Debentures may occur prior to the Maturity Date as a result of the redemptions on Interest Payment Dates.

The Debentures are the obligations of the Federal National Mortgage Association, a corporation organized under the laws of the United States. The Debentures, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae. The Debentures will be available in Book-Entry form only. This offering was made by the Federal National Mortgage Association through a special Selling Group of recommend dealers in association

Linda K. Knight Vice President and Assistant Tressurer

3900 Wisconsin Avenue, N.W., Washington, D.C. 20016-2892 Tris announcement appears as a matter of record only. This announcement is neither an offer to self nor a solicitation of an offer to buy any of the Debertures.

INTERNATIONAL DESIGN INDUSTRY

The Financial Times proposes to publish this survey on: 22ad February 1989 For a full editorial synopsis and advertisement details, please

Alison Barnard on 01-248 8000 ext 4148 or write to her at:

10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

Bracken House

COMPANY NOTICE



Mitsubishi Bank of Australia Limited A\$50,000,000



from 31st January, 1989 to 28th April, 1989 the Notes will carry an Interest Rate of 15.6708% per annum. Interest payable on 28th April, 1989 will smoutht to A\$1,867.62 per A\$50,000 Note.

The Mitsubishi Bank, Limited London Branch

Agent Bank

1.72

2 7:

Floating Rate Notes due 1991 Notice is hereby given that for the three months interest period

rs 20%

ikes 519

}\$.

EBRUARY IN

INTERNATIONAL COMPANIES AND FINANCE

NZ commission probes Equiticorp trading

By Dai Hayward in Weilington

mouth that it was going into provisional liquidation.

Mr Colin Patterson, the commission chairman, said: "We Squad, which is investigating mission chairman, said: "We Equiticory's share dealings in have been told there was substantial trading in Equiticory before the announcement. We are looking if any people took advantage of inside knowledge."

A study of stock exchange transactions has not yet

one rapidly into production.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of Industrial production, manufacturing output (1985 – 100); engineering orders (£ billion); retail sales volume (1980 – 100);retail sales value (1980 – 100);registered unemployment (excluding echool leavers) and unfilled vacancies (000s). All seasonally adjusted.

108.4 111.0 38.9 138.3 172.3 2,000 116.1 112.8 31.2 137.0 181.2 2,864 111.2 118.3 31.4 138.2 188.0 2,208 108.5 111.5 31.7 138.4 178.1 2,664 108.5 112.0 31.0 138.3 148.4 2,603 118.5 112.0 31.0 138.3 148.4 2,603 118.5 112.0 31.0 137.0 182.1 2,204 118.5 113.5 31.2 137.0 182.1 2,204 118.5 118.8 31.2 137.0 182.1 2,204 118.5 118.8 31.5 138.6 181.4 2,207 111.7 118.5 31.5 138.6 181.4 2,207 2,208 111.7 118.5 31.7 141.2 182.7 2,108 111.7 118.5 31.7 141.2 182.7 2,108 111.8 118.4 146.4 218.0 2,105 111.8 118.4 146.4 218.0 2,105 140.3 2,200

107.4 118.4 118.9 109.8 109.8 109.9 113.9 115.9 115.9 115.9

108.5 108.5 108.4 108.5 208.1 108.1 108.4 108.4 108.7 108.2 108.2

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible belance; current belance (2m); oil belance (2m); terms of trade (1985=100); official reserves.

Securities Commission is ity, but Mr Patterson said it investigating sales of Equitions and the investigation in the days ahead of the commission last mouth that it was going into mouth that it was going into mouth that it was going into mouth that it was going into mouth that it was going into mouth that it was going into mouth that it was going into mouth that it was going into mouth that it was going into mouth welcome contact the legal framework so the receivers could decide "who had security over what." Equiticorp companies for which he is now responsible. It was necessary to understand receivers could decide "who had security over what."

So far they had not had much success, said Mr Waison. He was also talking to poten-tial buyers for NZ Steel, the privatised steelmaker controlled by Equiticorp. Interest had been expressed for other Equiticorp assets as well. Meanwhile the receivers are working on in-house accounts

prepared up to the end of November. Although these have not been made public, it has been reported locally that the balance sheet to last August showed that Equiticorp had borrowings of NZ\$2.9bn

(US\$1.75bn).

Banks were said to be owed.
NZ\$1.7bn while NZ\$740m was in secured debenture stock and NZ\$120m in preference shares, with other borrowings totalling NZ\$341m.

The accounts were prepared by Deloitte Haskins and Sells, the international accounting firm, in its Hong Kong office

and presented to Equiticorp's bankers last November, according to the National Business Review, a leading New Zealand financial publication.

They suggest the deficit on shareholders' funds could be more than NZ\$700m. The accounts apparently include proceeds from the sale of the company's Feltrax manufacturing subsidiary, although the deal was not finalised until three weeks ago.

The balance sheet includes NZ\$568m in goodwill and NZ\$123m of loans to the Equiti-

City Resources and Poseidon draw bids

TAKEOVER ACTIVITY: has continued in Australia's in a defensive move apparently resources sector with separate developments involving awo small groups, Poseidon and City Resources.

TNT, the international transport group headed by Sir Peter Aheles, has confirmed that it is bidding A\$2.60 a share for

Accept : Nermandy's bidding A\$2.60 a share for Poseidon, which is already subject to a takeover offer from Normandy Resources, controlled by Mr Robert Champion de Crespigny.

Tell first showed its interest in Possidon last month offer.

in Poseidon last month, offer (two stage agreement, ing A\$2.45 a share, and last in the first stage, Barrack week lifted its stake above 16 will inject A\$7.6m (US\$6.8m) into the cash-strapped City Resources through one of its subsidiaries, and acquire interper cent with purchases at A\$2.60. Normandy has just over 20 per cent, and has made a complex unconditional offer ests in two City Resources pro-of cash and redeemable jects with the aim of bringing

exchangeable shares.
One complication is that One complication is that
Poseidon has announced a go ahead after a review by Barplanned merger with Freeport rack of City's operations and assets.

108.5

Record earnings pave the way for Iscor sell-off By Anthony Robinson

ISCOR, South Africa's state

iron and steel corporation which is being prepared for privatisation, has reported record pre-tax profits of R274m (\$114m) for the year to

R74m (\$114m) for the year to last June, up from R75m, on sharply higher turnover of R4.61bn against R3.94bn.

The result, helped by a 13.9 per cent rise in domestic sales and higher export prices, led to a resumption of income tax nevments to the covernment. payments to the government for the first time since 1972. This follows the elimination of previous accumulated losses. The company has now estab-lished a five-year profit record, paving the way for a sale. Investment projects worth RL45hn are in train, including

raising the capacity of Iscor's Grootegeluk coal mine. Net profits for the group as a whole rose to R249m from

corp staff share purchase trust. **National Bank of Kuwait**

lifts net profits by 16%

NATIONAL Bank of Kuwait (NBK), the country's largest commercial bank, increased 1988 net profits by 16 per cent to KD30.9m (\$107.5m).

The bank's international operations, particularly in New York, London and Singapore, contributed more than half the

Total assets, excluding con-Total assets, exchange con-tras, increased 15 per cent to KD3.47bn (\$12.1bn). Year-end contra accounts — consisting of active commercial business, such as letters of credit and guarantees - were more than 44 per cent up at KD913m. Loans and advances, net of provisions, were 18.3 per cent higher at KD1.55bn; deposits were similarly up to KD3.2bn. Shareholders' equity increased by KD19.1m to KD255.5m.

NBK is the only one of Kuwait's six commercial banks not to need or receive government support. Its balance sheet is one of the region's cleanest.

Mr Nemeh Sabbagh, the bank's general manager, said: "Our strategy has been to ensure that whatever business is generated internationally is directed towards widening our customer base in Kuwait and the Arab region. In New York, for example, we are doing a lot of business both as a clearing house and raising large loans for borrowers in the Arab world.

In London, the bank financed the purchase last year from the Kuwait Government of the Churchill Hotel in Portman Square on behalf of Hong Kong's Park Lane group. It also has the mandate to sell Rome's Sheraton Hotel.

Within Kuwait, the bank has profited from growing conpronted from growing con-sumer finance operations. According to Mr Sabbagh, "we are taking advantage of our leading position in the market to effectively manage the liabil-ity side of our balance sheet."

INTERNATIONAL APPOINTMENTS

General Motors woos manager from Toyota

appointed Mr Jim Perkins to its Chevrolet division, where he is expected to become gen-eral manager in July when the

present general manager, Mr Robert Burger, retires, write our financial staff.

Mr Perkins was US general manager of Toyota Motor's

Toyota Motor's

The Reading seller of Cars and trucks of any individual company's division.

"My personal goals are for Chevrolet to return to its position of leadership in the US car Lexus luxury car division. Toyota has named Mr J.: David Illingworth to replace Mr Perkins. He has been with. Toyota since 1980, and led the.

team which created Lexus. an offer he could not refuse by GM, where he worked for 20 years before joining Toyota in 1984. He said major changes were made in the Chevrolet in the United States.

17.4

19.4 22.3 29.4 21.6 21.6 21.9 22.5 20.5 26.1 18.6 21.8

-- 34.81 -- 44.33

44.84 44.82 84.45 44.84 44.83 46.83 46.83 86.84 90.86 91.84 91.87

8.50

74.9

75.9 77.6 77.9 77.9 76.2 76.3 75.6 76.5 76.3 77.3 78.9

GENERAL MOTORS has organisation in the four years he was at Toyota. During that period, Chevrolet fell behind Ford Motor's F Ford division as the leading seller of cars and

> and truck market," he said. He would not comment on the likelihood of success for Toyota's Lexus model, saying it depended on Toyota's strat-

egy of marketing the car. Mr Perkins' departure as a surprise within the industry, since Toyota's Lexus division is only eight months away from launching its first models

Chairman appointed for USX

USX, the Pittsburgh-based industrial group which is the largest US steel producer, has appointed Mr Charles Corry chairman and chief executive. The appointment will take

effect on June 1, writes Karen Zagor in New York. Mr Corry, 56, replaces Mr David Roderick who will retire on May 31 at the age of 65. Mr Roderick, who has held the post since 1979, nursed the company through its transition and unprofitable steel giant, to USX, a more streamlined and diversified company.

* * * * *
TEXACO is to appoint Mr
Charles H. Price to its board when he completes his present post as US Ambassador to the UK in March. Also joining the board is Mr John Brademas, president of New York Univer-

* * * * *
THE US aerospace group,
United Technologies, has promoted two senior corporate

executives to new posts with expanded responsibilities. Mr Arthur E. Wegner, for-mer United Technologies senior vice president and presi-dent of its Pratt and Whitney unit, was named executive vice president and president, Aero-space/Defence. Mr George A. L. David, former senior vice president and president of Otis Elevator, was named a United Technologies executive vice president and president, Com-mercial/Industrial.

mercial/industrial.

* * * * * *

CANON, the Japanese camera maker, has promoted Mr Keizo Yamaji, executive vice president, to be president from March 30. Mr Yamaji will succeed Mr Ryuzaburo Kaku, who will become chairman.

* * * * * * *
HILL SAMUEL BANK has appointed Mr Ian Hawker as vice president and underwriter of its international financial reinsurance subsidiary Independence Insurance, based in Bermuda. Mr Hawker was formerly the North American Treaty underwriter with Excess Insurance.

SAINT-GOBAIN

1988 NET PROFITS - PRELIMINARIES **4 BILLION FRENCH FRANCS**

1988 has been another good year for the Saint-Gobain Group. Preliminary results show that the consolidated operating profit has increased by 22% and that consolidated profit attributable to the Group Shareholders has increased by 60%. Excluding gains on assets disposal after tax, this profit shows an increase of 45%.

The rapid increase in the last few years in the Group's productivity has enabled it to benefit from favourable conditions in the countries where it is based and its principal market sectors, notably the construction industry, the automobile industry and packaging.

The main event for the Group in 1988 was the transfer to Compagnie Générale des Eaux of the larger part of the contracting and public works division in order to enable the Group to concentrate on its industrial activities. This division, whose 1983 results are not included in the figures given below, had a significant turnover and workforce but only a marginal contribution to the results of the Group.

At the same time, the Group has significantly increased its acquisition programme, both by buying in minority interests in significant subsidiaries and by acquiring shares, often representing a majority, in companies whose activities are complementary to the activities of the Group. These developments, taken as a whole, have altered the Group's profile. The consolidated accounts for 1987 have therefore been restated, excluding the contracting and public works division, in order to allow comparison with 1988. The table set out below summarizes the principal information:

French Francs (Millions)	1988 (preliminary)	1987 (restated)	1987
NET SALES	59 000	54 603	78 887
OPERATING PROFIT NET INCOME BEFORE MINORITY	8 000	7 219	7 507
INTERESTS AND EXTRAORDINARY ITEMS	6 450	5 287	5 1 5 8
NET INCOME BEFORE MINORITY INTERESTS	5 100	3 489	3 642
NET INCOME NET INCOME EXCLUDING GAINS	4 000	2 523	2523
ON ASSET DISPOSALS	3 100	2 128	2 128
CASH FLOW INDUSTRIAL INVESTMENTS	7 100 5 800	6 207 3 530	6 855 4 253
INVESTMENTS IN SHARES	7 400	2 005	2 084

The reduction in turnover is a result of the elimination of the contracting and public works division and Sa Duval Eau Chaude-Chauffage, decrease partly offset by bringing into the consolidation a number of medium sized companies. On a comparable basis, sales have increased by 7% in French francs and by 13% in local currencies. The breakdown of sales is a follows: domestic French market 33%, exports from France 12%, other European countries 34%, including West Germany 15%, North and South America 21%.

The operating profit takes account of 3 150 billion french francs of depreciation and amortisation (up 3%) and provisions of 750 million francs (up 30%). It has been calculated, in the current year, before financial charges and results on exchange.

The profit of associated companies is calculated after financial charges (1 220 million french francs) which show a slight reduction by comparison with the previous year, and reorganisation costs (500 million french francs), which are considerably less than the figures for previous years. This reorganisation costs reduction represents a progressive industrial re-organisation over several years.

The net profit of the Group, takes account, in 1988, of asset disposals (1 180 million french francs), a considerably higher figure than normal, mainly due to the sale of Samier Duval Eau Chaude-Chauffage which represents half the total figure. It also takes account of a provision for tax of 2 500 million french francs, an increase of 25% on

The net profit attributable to the Group shareholders (up 60%) is calculated after deduction of minority interests (accounting for 1 070 million french francs). Excluding gains on asset disposals, this net figure represents approximately 3 100 million french francs (up 45%).

On the basis of the total number of outstanding shares (55 398 710) this net profit represents earnings per share of approximately 72 francs as against 57 francs in 1987, (excluding gains on sales of assets, the earnings per share is approximately 56 francs as against 48 francs in 1987).

Industrial investments which have increased by more than 60% by virtue of significant renewal programmes or factory construction programmes, have been mainly funded out of cash flow which has shown a positive increase of 14%. Added to that in 1988 investments in shares have increased 3.5 times. This increase is represented particularly by buying-in minority interests in formerly majority-held subsidiaries.

The financing of these investments has been fully covered by funds from operations, sales of assets and increases in share capital effected in 1988.

In summary, shareholders equity, after the increase in capital effected at the end of the period and deduction of a full provision for retirement pension, is approximately 25 billion francs as compared with 19 billion francs at the end of 1987 and 13 billion francs at the end of 1985. The net indebtedness of the Group has been stabilised at

A review of the divisions of the Group shows a continued high level of activity and a further increase in the profits of the Flat Glass and Containers divisions. Three other divisions considerably increased their results: Pipes and Machinery, fibre Reinforcements and Paper-Wood. Industrial Ceramics, which has expanded significantly, maintained its good performance. Building Materials supplemented by activities previously accounted for in the Insulation division, has increased slightly. Only the Insulation division has had lower profits than in the previous year and this is substantially attributable to a sales drive in the United States.

Taken by geographical area the net profit represents 30% in France, 40% in other European countries and 30% in North and South America. Overall therefore in 1988, the Group has improved its technical and market positions as well as its financial structure. Budgets for 1989 anticipate maintaining a good level of activity and the consolidation of the increase in profitability seen in 1988.

COMPAGNIE DE SAINT-GOBAIN CORPORATE FINANCE AND INVESTOR RELATIONS DEPARTMENT

ANNOUNCEMENT

ANGLOVAAL LIMITED (Incorporated in the Republic of South Africa)
("Anglovani")
Registration Number 05/04580/06

NORTH SEA & GENERAL PLC

Anglovaal has entered into a conditional agreement to purchase from Apex Securities Limited ("Apex"), Perth, Western Australia, 23 226 520 of the 27 500 000 ordinary shares currently held by Apex in North Sea & General PLC ("NSG"), together with £2,5 million 10% convertible unsecured loan stock 1992 of NSG. The purchase consideration for the shares - representing 29,9% of the currently issued ordinary share capital in NSG - is £13 006 851. The purchase consideration for the loan stock - which could, at Anglovaal's option, be converted into 5 000 000 ordinary shares in NSG - is £2 500 000. Anglovaal has also entered into an agreement with a third party to acquire an additional £1,0 million 10% convertible unsecured loan stock 1992 of NSG for a purchase consideration of £1 020 000.

The purchase agreement with Apex is subject to several conditions precedent - all of which have to be fulfilled at the latest by 13 March 1989.

NSG is a resource company, based in London, with interests in certain industrial mineral operations and projects in the United Kingdom and in gold exploration and production activities in Australia: Anglovaal will make its technical expertise available to NSG to assist the expansion of NSG's mining and mining related activities worldwide. Anglovaal will offer NSG, in preference to any other party, all new mineral investment propositions outside Southern Africa of which it becomes aware and considers attractive. NSG's shares are listed in London and Australia.

Apex intends to retain a significant shareholding in NSG with continuing board representation. Anglovaal has nominated one of its executive directors and two of its senior managers to be appointed as directors of NSG.

Johannesburg 1 February 1989

ANNOUNCEMENT ANGLOVAAL LIMITED "Anglovaal")

LAVINO SOUTH AFRICA (PROPRIETARY) LIMITED

Anglovaal has contracted to acquire, from Applied Industrial Minerals Corporation of the U.S.A., 100% of the issued share capital in Lavino South Africa (Proprietary) Limited for a consideration of

Lavino South Africa (Proprietary) Limited is a producer of hard lumpy and beneficiated chrome ores for sale - locally and overseas - to the metallurgical, chemical and foundry industries.

Johannesburg 1 February 1989



BUILDING SOCIETY £150,000,000 Floating Rate Loan Notes Due 1996 (Series A)

13.205%

Credit Swiner First Bustons Limited.

Stat Jenuary 1989 200 February 1988

MANAGEMENT EDUCATION & DEVELOPMENT The Financial Times proposes to publish a Survey on the above

Tuesday March 28th 1989

For a full editorial synopsis and advertisement details, please

Jacqueline Keegan

on 01-248-8000 ext 3740 or write to her at: Bracken House, 10 Connon Street London EC4P 4BY.

FINANCIAL TIMES

TEESSIDE The Financial Times proposes to publish a Survey on the above on 21st Merch 1989

For a full editorial synopsis and advertisement details, please contact:

on 0532 454969 Fax: 0532 423516 or write to him at: Permanent House, The Headrow, Leeds LS1 SDF. FINANCIAL TIMES

To the Holders of

COLLATERALIZED MORTGAGE OBLIGATION TRUST THENTY-TIREE

Class A Floating Rate Bonds Due May 1, 2017

Pursuant to the Indenture dated as of March 11, 1987 between Collateralized Mortgage Obligation Trust Twenty-Three and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from February 1, 1989 through April 30, 1989 as determined in accordance with the applicable provisions of the Indenture, is 9.775% per annum.

COLLATERALIZED MORTGAGE OBLIGATION TRUST

To the Holders of

COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN

Class A-1 Floating Rate Bonds Due February 1, 2017

Pursuant to the Indenture dated as of November 26, 1986 between Collateralized Mortgage Obligation Trust Eighteen and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from February 1, 1989 through April 30, 1989 as determined in accordance with the applicable provisions of the Indenture, is 9.875% per annum.

COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN

-1,204 +239 -1,205 +1,473 -2,251 +864 -2,251 +864 -2,724 +573 -4,951 +461 -4,724 +360 -4,124 +223 -464 +360 -1,265 +76 -1,265 +152 -1,265 +444 -2,225 +46 -1,267 +185 -1,267 +185 117.1 4.574 128.6 4.426 138.2 4.763 157.3 4.261 115.7 4.024 128.3 4.227 128.4 4.713 138.2 4.682 148.9 2.681 138.2 4.682 142.4 6.726 138.6 4.667 FINANCIAL-Money supply MO, M1 end M3 (arrivel percentage change); bank storting lending to private sector; building societies, net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

MO M1 M3 lending latter credit; case 24 % Sm Sm Sm On % 裏。二〔 eler Marie es 21.2 + 12.508 19.7 + 15.348 21.5 + 13.749 20.8 + 3.624 19.7 + 5.644 19.9 + 3.798 20.5 + 5.139 20.1 + 6.150 20.8 + 3.367 22.7 + 5.898 19.9 + 4.218 29.4 + 3.307 2,001 4,173 3,162 1,659 1,576 1,368 1,369 1,362 1,79 621 1,883 768 \$2 20.9 \$6 20.9 77 17.1 58 20.8 \$1 21.5 \$4 20.9 72 18.6 \$5 18.1 7.6 18.8 \$5 17.4 77 13.7 7.7 11.8 The second secon BNFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); read prices and food prices (Jan-1987=100); Reuters commodity Index (Sept 1961 = 100); trade weighted value of starting (1975=100) 4th qir, 1986-1st qtr. 2nd qtr. 3rd qtr. 4th qtr. April May June July August Septemit October Novemb 200.5 98.4 288.8 103.2 103.5 97.8 111.6 108.2 108.5 97.8 112.6 108.2 108.5 98.8 112.9 108.9 106.7 108.1 115.2 108.9 106.7 98.3 112.2 108.2 104.7 98.5 112.8 108.5 104.7 99.5 113.8 108.5 104.8 98.8 113.9 107.9 104.4 98.2 114.3 108.4 104.8 98.2 114.3 108.4 104.8 98.8 115.2 110.0 108.7 102.6 118.4 119.3 108.8 1,747 1,817 1,902 1,887 1,738 1,978 1,978 1,863 1,873 1,874 1,986 1,921 121.6 124.8 127.5 124.3 124.1 125.9 128.3 128.3 127.3 128.9 131.2

launch

first lire

By Norma Cohen

Eurobond

VNESHECONOMBANK, the Soviet bank for foreign eco-nomic affairs, demonstrating its growing mastery of West-era capital-raising techniques, has launched the country's

has launched the country's first-ever lire Eurobond.

The L75hn Eurobond, lead managed by Banco di Roma, has a five-year maturity, a coupon of 124 per cent and is priced at 101% per cent. Proceeds of the bond were swapped into floating-rate US dollars at a margin believed to be below London interbank offered rates. The issue is the

offered rates. The issue is the third Eurolire bond to be launched in 1989.

third Eurolire bond to be launched in 1989.

Banco di Roma said buyers of the Eurolire bonds are likely to be based outside liny because domestic investors will be hit by a 30 per cent withholding tax on interest payments. The only Eurolire bonds not subject to withholding tax are those of a handful of supranational borrowers including the World Bank.

INTERNATIONAL CAPITAL MARKETS **Soviets**

Abbey issue highlights inroads by Japanese

By Andrew Freeman

THE AWARD of a Eurobond mandate yesterday by a UK
building society to a Japanese
issuing house highlighted the
inroads being made into areas
of the market traditionally
dominated by the surple of the market traditionally
dominated by the surple of th

American houses.
On an otherwise unexciting day, bidding for a US dollar issue of a maturity of between three and five years by Kellog was the main distraction for underwriters. News of that

deal is expected today.

Abbey National came to the market for the third time this year, launching a US\$200m five-year bond via Nomura International The bonds carry a 9% per cent coupon and were priced at launch to yield 53 basis points over the bench-mark five-year US Treasury. By the close of trading the

paper was quoted on fees at less 1% bid. Several traders said that the lead manager was supporting the grey market price, but as the bulk of the bonds had been pre-sold in Japan this had little signifi-

Building societies are not allowed to take currency mis-matches on to their books, so the issue proceeds were swapped into floating-rate ster-ling. Based on yesterday's swap rates, the borrower is likely to have achieved a fund-ing rate equal to or below Lon-der breakents of seal water.

SOTTOMOT US DOLLARS

Skopbanké
Finnish Export Cr.
Abbey Nationalé
Issue update:
Tokyu Store(a)éé

Nomura's appointment to the deal was not controversial, although officials were delighted to win the business. It is understood that Abbey

INTERNATIONAL BONDS

National was approached with an offer which it accepted and other houses were not invited to bid for the deal

Nor was this the first time a Japanese house has been lead Japanese house has been lead manager for Abbey National — Daiwa launched an Abbey Euro-yen deal last year. Equally, Nomura has previously done issues for UK borrowers BP and Sainsbury.

rowers BP and Sainsbury.

However, there was comment in the market that the Japanese houses are currently in a position where they can increase their fixed-rate issue market share by exploiting the goodwill they have earned from their profitable equity warrant deals. You can't argue with all those issues which are trading at healthy premiums," said one trader.

one trade Elsewhere, Morgan Stanley International was the lead manager for a \$125m 10-year issue for Finnish Export Credit The bonds carry a 10 per cent coupon and are callable at par on March 2, 1992.

NEW INTERNATIONAL BOND ISSUES

76br

The bonds were priced at launch to yield 78 basis points over the equivalent US Treasury and were quoted by the lead manager at less 2 bid, on full fees of 2 per cent. The proceeds were swapped into floating-rate US dollars.

Is the Abbey National deal the issue was aimed at identified demand in Japan where some three-quarters of the deal was placed. Japanese investors have an undiminished appetite for the higher coupons attached to callable bonds. A comparable non-callable issue would have a coupon of around 9% per contracts.

Some segments of the market have been looking decidedly congested this week, with plain vanilla dollar deals starting to dry up as swap opportunities have retreated.

D. Mark, Swiss franc and Ecu bonds are subdued by depressed domestic market conditions, while popular currencies like Canadian dollars are still suffering twinges of indigestion from January's heavy issue volume.

heavy issue volume. Securities houses are concen-Securities houses are concentrating on areas where they feel confident that they have the placement power to ensure an issue's success. The market can expect more callable US dollar deals, but most of the paper will continue to go to Tokyo.

114/5 Benco di Rome

of supranational borrowers including the World Bank.
In 1988, Vnesheconombank demonstrated its growing acceptance among Western financial institutions by issaing Eurobonds in D Marks and Swiss francs. The bank also Swiss francs. The bank also established itself in short-term markets via a \$250m Euro-commercial paper and certificate of deposit programme.

While the bank is the Soviet Union's sole vehicle for raising funds in foreign capital markets, direct loans to the country from Western banks have also increased substantially.

also increased substantially.

International banks in the 16 countries that report to the Bank for International Settlements increased their lending to the Soviet Union in the first half of 1988 by about \$4bn. Most of that was in the form of short-term credits, believed to

Call money system for South Korea By Maggle Ford in Secul

be trade financing.

BANKS and financial institutions in South Korea are to have access to a modern call money market from March, the Ministry of Finance has announced.
The call market, in which 16

investment and financing companies are to act as brokers, will replace the existing strictly regulated method of matching short-term funds. cial bank representatives meet after hunch every day under the supervision of the Bank of

Korea, the central bank. The new money market will operate by telephone and computer throughout the day and more than 240 banks and other financial institutions will have access to it.

7. 25

Park them

Brokers will be allowed to charge competitive commissions up to a ceiling of Wi00 per W100m per day and interest rates are expected to finctuate in line with market liquidity. Brokers will not be allowed to operate on their

The announcment was wel-comed yesterday by foreign bankers who have long urged the Government to set up a functioning interbank market. No announcement has been made about access to licences for foreign banks to operate in the new market.

But the move is regarded as a positive sign that the Gov-ernment plans to proceed with the modernisation of the financial system despite the difficulties caused by many years of government control

Last year's attempt to deregulate interest rates has resulted so far in little change and no apparent competition between banks, suggesting that bank managements are still reluctant to take risks.

Nomura to start broker network

NOMURA Securities' research Japan and Britain. Nomura said the service would be the first since the governments of the two nations agreed in Ma 1988 to allow such networks. Nomura expects approval for the service from Japan's Ministry of Posts and Telecommunications by the end of this month. The service will enable brokers to transmit securit business information between

Thais lift borrowing

THAILAND will raise the annual celling on new public sector foreign borrowing to \$1.25n from \$1.25n fr years ending September, 1992, Rauter reports. An official said the decision was based on the need to build infrastructure for Thailand's fast expanding



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This announcement appears as a matter of record only.

22 December 1988



REPUBLIC OF VENEZUELA

U.S.\$500,000,000 Floating Rate Notes

COMPRISED OF

U.S.\$166,000,000 Floating Rate Notes due 1994 U.S.\$167,000,000 Floating Rate Notes due 1998 U.S.\$167,000,000 Floating Rate Notes due 2003

ISSUE PRICE: 100 PER CENT.

BANCO MERCANTIL

BANCO LATENO

CHASE INVESTMENT BANK

COMMERZBANK AKTIENGESELLSCHAFT

DEUTSCH-SUDAMERIKANISCHE BANK AG -DRESDNER BANK GROUP-

WESTDEUTSCHE LANDESBANK GIROZENTRALE

BANCO PROVINCIAL OVERSEAS NV

SWISS BANK CORPORATION

INTERNATIONAL WESTMINSTER BANK PLC

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INTERNATIONAL CAPITAL MARKETS

US Treasuries slip

By Janet Bush in New York and Katharine Cambell

US TREASURY bonds slipped announcement, the market will modestly in cautious morning turn its interest to tomorrow's trading yesterday, reflecting a memployment data. Forecasts lower dollar and a slightly vary widely for the non-farm higher than expected rise in psyroll from a rise of 250,000 to US leading indicators in as much as 400,000.

December.
At midsession, long-dated maturities were quoted as

BONDS

mark long bond rose to 8.34 per cent. Trading was very quiet. The dollar failed to derive support from the 0.6 per cent rise in leading indicators; which compared with forecasts which compared with forecasts of a 0.5 per cent gain, as deal-ers concentrated on taking profits on the dollar's considerable climb recently shead of the Group of Seven meeting in

Washington tomorrow.

At the New York midsession. the dollar was quoted at Y129.60 compared with an our lier high of Y130.65 and at DM1.8645 from DM1.8795 ear-lier. It was the dollar's week-ness which weighed on bonds more than the leading indicators, according to bond traders.
Losses in the bond market
were limited yesterday morn ing as dealers waited for the Treasury's appropriement of the make-up of the quarterly refunding later this month. There has been some nervous-ness about the size of the 30-

year bond anction which has kept the long-end of the yield curve on the defensive.

much as a point lower and the tree yield on the Treasury's benching was akittish, occasioned by wordes in several quarters that a further like in the German and the contract of the contract man discount rate was in store. Hardly a propitious back-ground for the Treesury auction today in France. With another strike on the Bourse, these was heavy turn-over on the Branch futures exchange Matif, where over 71,000 contracts changed hands in the notional 10-year bond.

> LARGE early morning sell orders pushed German bond prices down initially yesterday, but they steaded a little later in the day, as the dollar weak-ened somewhat later. At the morning fixing, prices were up to 20 plennigs weaker, with the new federal 6% per cent bond due 1999 priced at 99.75, which is 75 basis points below its issue price of 100.5.

thin day in the UK gilt edged securities market. One of the few highlights was some short covering in one index-linked stock, the 2½ per cent issue due 2016 which ended i of a

	Coupen	Red Date	Price	Change	Yield.	Week ago	- Monti ago
UK GILTS	13.500 9.750 9.000	9/92 1/98 10/08	109-05 99-18 99-16	-1/32 + 1/32 + 3/32	10.40 9.12 9.05	10.36 9.83 9.05	10.78 10.21 9.27
US TREASURY	8.875 9.000	11/98	99-06 101-22	-3/32 -4/32	9.00 8.84	8.94 3.78	9.15 9.00
JAPAN No 111 No 2	4.600 5.700	6/98 3/07	96.2611 109.0435	-0.190 -0.107	4.87	4.83 4,76	4.76 4.76
GERMANY	6.375	11/98	97.4250	-0.060	6.77	8.67	- 6.50
FRANCE BIAN OAT	8.000 9.500		98,6716. 104,5500	-0.227 -0.325	+8.85 8.75		8.56 8.63
CANADA *	10.250	12/98 .	101.1250		.10.06	9.98	10.15
NETHERLANDS	6.7500	10/98	99.6750	+0.050	8.87:	6.76	6.61
AUSTRALIA	12.000	7/99	92.1658	-0.736	13.40	12.89	12.80

After the refunding point higher to end at 1064.

Electronic trading comes to London and Chicago. Katharine Campbell and Deborah Hargreaves report

in cautious trading Liffe plans to put open-outcry pits on the screen

he London International Financial Futures
Exchange plans to begin simulated trading on its screen-based system, dubbed Advanced Pit Trading (APT), within the next two or three months. The futures trading system goes further than any other in reproducing the enviromment of the open outcry pit. Technology lies at the very heart of the fierce battle between futures and options exchanges to secure for them-

selves a bigger share of the global pie. Screen-based trad-ing provides a neat solution to the chaotic, sometimes corrupt, hurly burly of the physical pit, because of its superior tracking ability; and answers many of the problems of establishing international linkages. Yet the political power of the denizens of the tumultuous open outcry pits, many of whom consider automation

would ruin their livelihood,

means that harnessing techno-logical breakthroughs is a deli-

Liffe's system, which has been in the works for eighteen months, is designed to enhance, not to replace, pit trading. While implimentation plans are far from clear at this stage, APT would, certainly initially, function when the exchange floor was shut. It might well also have a role for less active contracts. One of the appeals of APT, the details of which have to

date been kept pretty much under wraps, is that it looks like a video game version of futures trading, a good deal less sterile than some of the other screen-based systems. Half of the screen, which will be in colour, portrays a pit (say where the long gift trades) split in half with the buy function on the left, the sell on the right. Traders appear as tiny oblong boxes bearing the iden-tification initials emblazoned on badges pinned to their col-ourful trading jackets. The other half of the screen

prices appear in a central box, together with the number of contracts available at those prices. The latter figure is replicated in the pit identifying the trader bidding or offering.

ost other automated systems currently operating – such as the Swiss exchange Soffex introduced last May – funcost other automated tion by so-called order-matching, and Globex, the Chicago Mercantile Exchange's system, basically relies on that princi-

Order matching works well with lowish volumes, but lacks the flexibility and responsiveness necessary to emulate a busy pit. Liffe's ambition was to build a system that did not fundamentally change the nature of the trading process. Instead of using the computer to match orders which

are in the system and stay

is devoted to tahulated details of the trader's positions.

The best bid and best offered and offers are valid only "as long as the breath is warm' which, translated onto the screen, means five seconds.

The trader uses a" mouse" to execute the trade, finding the field near the bottom of the screen flagged buy or sell, and punching in the number of contracts he wishes to move. Moments later, the details of the filled order appear at the top left of the screen.

The screen is packed with other pieces of information, such as limit orders - whereby the user can specify prices away from the market which will be executed automatically if the market reaches that level, even if he himself is away from the screen. The system apparently belongs to the "next genera-tion" in soft ware terms because of its subsecond

reponse time. APT is designed to handle 100 transactions a

complaints from traders who wait five or more seconds -

even in a slowish market. Liffe are well advanced with talks with Telerate, who, among other quote vendors, are being approached to provide the order routing capability, which means price reporting and ferrying the order from end client to the pit.

hereas APT itself would be available to exchange members only, it could theoretically be booked up to any number of networks. The system could easily function within Europe.
APT's first real test comes
with simulated trading, during which time it will be modified according to users' comments.
When and how it will be implimented after that is unclear as

much is still to play for.
With a newly implimented trade registration system that puts the exchange considerably shead of its Chicago rivals in terms of matching and regis-

ing population of independent floor traders adding liquidity to the floor - particularly in the last six months, courtesy of the widespread redundancies in other parts of the City - the exchange is playing its cards close to its chest.

Moreover, the industry is in a period of considerable flux too. Liffe, like other exchanges. is still considering whether it should sign up with the Globex venture. At the same time, a scheme for all the London commodities exchanges to link up on one floor is said now to be very close to fruition too.

And last but not least, no system can replicate entirely the bustle of the trading floor. Ted Gutierrez who is chief Sof-fex trader at Credit Suisse in Zurich is on the whole an advocate of screen-based trading, but he points out that it is much more stressful because he cannot vent his tensions and emotions by yelling and

Chicago ready to give the go-ahead for Globex

map the way ahead for chicago's futures industry, regulators meeting today are expected to pass rule changes sanctioning the US industry's first electronic trading system. first electronic trading system.

Against a background of the
FEI sweep into Chicago in the
biggest commodities fraud
probe ever launched in the US, the Commodity Futures Trading Commission is expected to give the go-ahead to Glober a joint venture between the Chicago Mercantile Exchange

and Reuters.

The system, which is seen by many as the inevitable grandchild of Chicago's arcane open auction trading, has received renewed attention in the wake of alleged trading abuse on the city's two major exchanges.

Advocates of electronic trading have been quick to point out how a computer can keep a more accurate track on trading than is convently profible.

than is currently available.
However, the Chicago Mer-cantile Exchange has not billed Globex as taking over from the hurly burly of its open outcry futures pits yet. On the con-trary, the system is designed to complement open outcry. could lose its lead if it When it starts up in October, move with the times.

Globex is planned to provide a 24-hour futures market place by taking over when Chicago's trading floor is closed. It is the CME's response to the increas-ing globalisation of its industry and a move to stay on top of a trend to trade round-the-clock. - In the two years that Globex has been under development, the futures industry has weathered some wrenching developments in its markets.

The fall-out from the stock market crash in 1987 shook investor confidence in derivative futures products and, just as this was being restored. news of the FBI investigation has shocked market users. In addition, a plethora of new futures exchanges has started up around the world,

exchanges in the near future. While Mr Leo Melamed, head of the CME's executive committee, and a strong supporter of Globex, admits that Chicago may have to share its place at the head of the industry with Tokyo and London in coming years, he believes the city could lose its lead if it does not

not least in Japan, where futures volume could eclipse that of Chicago's dominant

Many industry participants, although reluctant to give up the face-to-face contact of the tempestuous commodities pits, believe the future lies in an eventual move onto the screen for all trading. Tm not bullish on the future of trading floors," commented Mr Jim Paul, vice president at Dean Witter in Chicago.

However, at least for the time being, CME officials stick to their view that open outcry cannot be bettered. The advantage Globex will have over previously planned electronic exchanges is that it will harness the liquidity of the CME's daily market to deepen nighttime trading.
Furthermore, the CME and

Reuters are aggressively marketing Globex in a hid to make it a truly global marketplace by attracting other exchanges to list their contracts on it. Their efforts received an important boost last week when the membership of the York Mercantile Exchange (Nymex) voted in favour of joining the system. Nymex plans to list its busy crude oil futures contracts on Globez at the start of 1990,



Andre Villeneuve: aiming for a liquid market

num futures. Discussions with two overseas exchanges - one in Europe and one in Asia – are well advanced, according to Mr Andre Villeneuve, president of Reuters, North America, and preliminary negotiations are underway with three other markets.

The system will not be con-

strained by its capacity in including additional exchanges. "Our main criteria is to make sure any new exchange will add value to Globex." Mr Villeneuve remarked, "ensuring it is a mail resulted liquid morbot." well regulated, liquid market." Overseas exchanges will have to apply to the CFTC for approval to list their contracts on Globex as well as making provisions with their own

country's regulatory bodies. Like the CME, any exchange that wants to join Globex has to commit itself to take a certain number of Reuter com-puter terminals for its clearing members. Reuters recoups the development costs of the sys-tem by charging a rental fee for its screens and levying a transaction fee for every trade processed through the system.

Although members are not obliged to take a terminal, Mr Villeneuve believes a large number of the CME's clearing firms are interested in trading on Globex. Eventually, the CME hopes to extend the system to other users, issuing each with an access code and built-in credit limit, but this could take some time. Globex is essentially a sys-

tem for matching trades — lin-ing up the best bids against the best offers. Each exchange listed on the system will be responsible for regulating trading in its own contracts as well as for clearing those contracts. But the system is left open for abuse, according to the Chi-cago Board of Trade, the CME's major rival, which has strenuously opposed the proposal. In a strongly-worded, 50page criticism that urges the CFTC not to approve Globex in its current form, the CBOT says "the Globex proposal is inherently susceptible to manipulation, prearranged

trading and other abuses." Ironically in light of the current fraud probe, the CBOT's letter champions open outcry dote to fraud and price manipulation." This is an argument that has been totally negated by the FBI's investigation, in the opinion of the head of one of Chicago's Futures Commis-

sion merchants. There seems little doubt the CFTC will approve Globex, allowing the CME to go ahead and list its currency and gold futures contracts on the sys-

with a later phase-in of plati-**LONDON MARKET STATISTICS**

RISES AND FALLS YESTERDAY

	STA	CTU	VIIE	3° SH	ARE	IND	ICE	5		5 ° 5	· · · · · · · ·
Marie Committee	These Indices as			. , •					-		
Service Control	the institute	of Ac	واجتبيا	6 30d	the R	neulty	of Ac	tuerfo			
The second secon	EQUITY GROUPS	V	Vednes	day Fe	bruary	1 198	19	Tue Jan 31	Moa Jan 30	Fri Jas 27	Year ago
4.	& SUB-SECTIONS		1	- Est.	Cross	1 64		 "-	- 20	 "	(approx)
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Entropy of the Control of the Contro	Figures in parentheses show number of stocks per section	ladex No.	Day's	Yield's	Yield% (Act at	Ratio	1989 to date	index No.	ladex No.	ladex No.	findex No.
Section 1995	stocks her section	-	Change	, was	(25%)	LUSCO] ==	-) mu.) MU.
	1 CAPITAL 6000S (208)	294.66	-11	·16.48	3.99	11.70	1.89	897.82	897.58	286.62	740.90
		1107.64	-13	11.44	411	10.72	8.26	1124,63	1122.45	1110.59	988.68
Range & The State of the State	3 Contracting, Construction (39)	1654.21	-47	11.96	3.69	20.00	8.86	1665.59		1637.23	
· 4 7	4 Electricals (30) 5 Electronics (30) 6 Mechanical Engineering (53)	2017.59 2015 83	•	8.27 9.39	4.31 3.24	14.58 13.91	8.00 7.19	2438.18 2815.81			
क्ष्य १ = - हिंद	h Mechagica) Engineering (55)	474.61	- 0.3	18.86	3.97	12.10	112	475.48	474,75	464,78	388.89
# 45°	SIMELAGEED METAL FORBIGN (// second)		-13	14.98	5.75	7.55	9.00	513.64	511.21	586.43	441.97
	C) Major (37)	1 30T #3:	#13	14.45	4.38	10.70	1.44	304.39	396.17	295.49	278.25
	10 Other Industrial Materials (22) 21 CONSUMER GROUP (186)	1572.98	-0.1	9.12 8.93	4.16 3.61	23,61	3.46	1514.61 1167.76			1243.14 1838.94
r de la companya de	21 CONSUMER ENDUP (188)	11978 SE	-8.4 -8.4	18.83	3.50	14.82	8.87 8.88	1275.26			
A Company of the Comp	25 Food Manufacturing (21)	1039.04	- 17	1.34	3.76	14.18	1.57	1946.58	1937.73		852.68
British 1970	26 Food Retailing (15)	2062.05	-10	8.77	3.44	14.97	4.84	2083.67	2967.68		2008.61
第	27 Health and Household (13)	2073.21	+9.6	6.47	231	17.71	9.26	2861.61	2055.14	2013.66	1784.71
M 24	29 Leisure (33)	2532,52	+8.2 -8.4	7.80 9.54	3.40 3.52	16.65 13.84	1.30 0.53	1529.86 537.52	1518.76 588.49	1598.53 581.99	1294.65 588.16
and the second	32) Publishing & Printing (18)	1492.45	- 3.5		4.25	14.74	3.38	3716.23			3467.47
And the second s	34 Stores (33)	780.37	-11	18.86	4.49	12.31	8.32	794.45	789.72		835,13
Contraction of the second	35 Textiles (14)	539.44	1.6	13.42	5.49	8.93	8.86	\$22.37	522.40	514.92	588.68
the total of the same of	40 OTHER GROUPS (93)	1030.27	-13	74.22	4.18 2.46	11.95 15.71	8.12 8.86		1832.46	1009.58 1186.96	870.28
1 275	41 Agencies (107	1173 91	18.7	- 19.92	4.49	11.65	8.23		1161.92		1039.08
1 32	40 OTHER GROUPS (93) 41 Agencies (18) 42 Chemicals (22) 43 Conglomerates (12)	1422.87	- 6.6	18.87		18.62	2.00			1397.72	
13.4	45 Shipping and Transport (12)	2176.81	. 18.9	9.14	3.13	14.31	8.80	2756.60	2764.20	2117.65	1853.41
200	47 Telephone Networks (2)	1127.56		18.42	4.17	12.48		1136.98			
lone.	45 Shipping and Transport (12) 47 Telephone Networks (2) 48 Miscellaneous (27) 49 INDUSTRIAL CROUP (467) 51 Oil & Cas (13)	1415.75		79.01	3.85	11.37	8.62			1383.24	
Early in the first	49 INDUSTRIAL GROUP (487)	1674.16	- 44	9.72	3.87	12.71	0.76		1074.96		926.13
**	51 0ii & Gas (13)	1772.62	- 4.6	2.45	5.69	13.54	0.00		1942.89		1765.51
40	59 500 SHARE INDEX (500)	1148.56	-84	9.68	412	12.82	8.70		1148.75		997.28
234	61 FINANCIAL GROUP (126) 62 Banks (8)	749.32	1.5	19:15	4.76 5.85	7.50	9.28 9.98	755.57 762.27	754.09 759.66	742.91 748.61	658.60 674.54
A CONTRACTOR OF THE PARTY OF TH	65 Insurance (Life) (8)	1957.12	-1.5		. 533	7.50		1046.78		1848.68	973.74
	65 Insurance (Life) (8	599.96	+0.2	. - %	5.21	-	. 8.06	596.48	591.59	585.44	597.11
	67 Insurance (Brokers) (7)	1962	11.6	_ 8,70	6.24	14,87	0.00	1025.15		1806.06	988.86
200 mg 20	68 Merchant Banks (11)	342,35	-15	5.52	4.37 2.59	22.84	8.08 9.49	344.52 1381.17	343.71 1309.59	336.29 1299.29	347.88 1019.72
	68 Merchant Banks (11) 69 Property (53) 70 Other Financial (32)	361.56	-65	9.13	5.26	13.66	1.12	383.82	385.88	378.73	389.80
, 	71 Investment Trusts (76)	2 654.42 i	- 6.4	:	2.07	-	2.67		1458.37	1643.24	846.69
	B1: Mining Floance (2)	63423	10.7	9.64	3.30	11.56	8.00	629.77	62T.A3	622.99	417.88
	91 Overseas Traders (8)	1365.73	-6.5	9.15	4.89	12.67	15.65		1374.85	1393,78	1629.56
\$ 1.00 mm. 1	99 ALL-SHARE INDEX (712)	1050.24	-0.5		4.28	-	8.72	1054.97	1651.16	1834.11	986.87
		index No.	Day's Chance	Day's History (a)	Day's Low (b)	Jan 31	Jan -	-Jan 27	Jan 26	Jæ 25	Year ago
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-	MANAGEMENT EDUCATION & DEVELOPMENT								
	The Fisancial Times proposes to publish a Survey on the above on								
۱	Tuesday March 28th 1989								
-	For a full editorial synopsis and advertisement details, please contact:								
1	Jacqueline Keegna								
۱.	on 01-248-8000 ext 3740								
1	Bracken House, 10 Cannon Street London EC4P 4RV.								
	-								
	FINANCIAL TIMES EUROPTS RUSINESE NEWSPAPER								

LONDON TRADED OPTIONS

BRITISH PETROLEUM took pride of place in options dealings yes-terday, as dealings in it almost matched those in the index.

matched those in the index.

A downgrading of its rating by some leading securities houses contributed to the activity, as the underlying share price tell 3p on the day to 279p.

Overall turnover was modest by recent standards, at 47,595 contracts, made up of 33,376 calls and 14,219 puts, even though this figure is more than half as much again as the mid-summer average.

were modest in comparison with recent levels, reaching 10,119

Atld Lyce (*485)

5,988 puts, with turnover pale in comparison with the heavy activation in options trading, with a comparison with the heavy activative attention in options trading, with a total of 2,508 contracts handled, expiry of the January contract.

expiry of the January contract.
Calmer conditions were also seen in the index futures contract on the London International Financial Futures Exchange, where the heavy premiums over cash value seen in recent days fell back to levels more or less in line with the fair value calculable on the basis of such things as dividend and interest expecta-

comprising 2,322 calls and only

dividend and interest expectations.

BP attracted 5,148 contracts, consisting of 2,984 calls and 2,164 puts, with the July 280 calls finding 1,102 contracts and the July 280 puts 1,250. British Gas, like in the second 670.

Ultramar was a focus of attending, with 1,074 contracts traded, against a background of market chat. Racal found activity on the back of talk of it and Cable and Wireless.

contract	s, lying in 4,131 calls and	280 puts 1,250. British Gas, like	Wireless.		
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UK COMPANY NEWS

Management buy-out wins control at Ryan

DIGGER, the vehicle which is making a £69.6m management buy-out bid for Ryan International, the south Wales-based opencast coal-mining and coal recovery group, yesterday claimed control of its target. Digger said it had received acceptances in respect of 62.17

per cent of Ryan's shares. Included in the total is the 13.8 per cent of Ryan which was irrevocably pledged to Digger at the outset of the bid. The offer and loan note alternative is being extended until

The Digger/Ryan deal is the latest in a series of manage-ment buy-out bids. In such deals, a newly-formed company, in which management has a significant equity stake, makes an offer for the quoted company. If successful, the company effectively moves into the private sector. Among successful buy-out

bids over the past 15 months have been those for Glass Glover, Dwek Group, Invergor-don Distilleries and Virgin Group. Magnet, the kitchen and bedroom furniture manufacturer and retailer, recently stated that it is considering similar proposals, and yester-day, a possible buy-out scheme was also notified at Tyzack.

Ryan was hauled back from receivership in 1985 by a group of investors led by Mr Crispian Hotson. In 1986, it acquired Derek Crouch for about £28m.

Derek Crouch for about Exam, retaining the opencast coal operations but salling on the housebuilding side.

However, although profits rose to £10m in 1987, gearing also increased to about 100 per cent by mid-1988. In September, Carless, the oil independent made an all-share offer for the contract of t Ryan, initially valuing the group at £92m. This collapsed when a bid was made for Car-

Yesterday, Ryan shares edged Ip higher to 136p - still 4p below the 140p offer price, perhaps reflecting the fact that not all Ryan's institutional siastic about the Digger

Magnet buy-out 'has funding'

MR TOM DUXBURY, chairman of Magnet, has raised the nec-essary finance to put together gement buy-out, according to one of the two non-executive directors of the Yorkshire-based kitchen and bedroom furniture group.

Mr David Malpas, who is

also chief executive of Tesco, broke his silence on the deal yesterday. He said that although Bankers Trust, adviser to Mr Duxbury, had put together the finances for what they believe to be a reasonable offer," no details of the bid were likely to emerge for a matter of weeks. Any deal would be worth more than

clearly want to do a recom-mended deal," Mr Malpas said. A recommendation requires the approval of the non-execu-tives - Mr Malpas and Mr Brian Haggas, a Yorkshire businessman – and Kleinwort Benson, Magnet's financial

adviser. "We are full aware of our responsibility to ensure that the outcome of the affair is in the best interests of shareholders," he added. "The negotiating process could take some

In a separate development yesterday, Magnet announced the resignation of Mr Stephen Emmott, managing director.

other business interests. But his departure fuelled specula-tion of a boardroom rift over Mr Duxbury's plans.

No-one from the buy-out team was prepared to comment on the latest developments yesterday, and Mr Emmott also refused to comment. Mr Mal-pas said Mr Duxbury had told him that Mr Emmott's depar-ture was entirely amicable. However, former Magnet

directors expressed their aston-ishment. Mr Emmott had worked at Magnet for many years and was perceived to be one of Mr Duxbury's closest allies in a boardroom frequently prone to squabble Magnet's shares fell 5p to

Ladbroke hits at T-Line board

By Ray Bashford

Ladbroke Group, the releasing its interim profits ing" and claimed that they international leisure company statement last week. indicated an amount profit of bidding for Thomson T-Line, Ladbroke ended a month of £14m. This figure is "well short yesterday launched another attack on the board of the industrial holding company. In the offer document to

Thomson T-Line shareholders, Mr Cyril Stein, Ladbroke's chairman, criticised his target for failing to make a profit forecast for the year when

bid speculation last December when it launched an 80p-ashare cash offer for Thomson

T-Line. Last month this was

revised to 90p, valuing the company at £185.7m. The Ladbroke document described Thomson T-Line's interim results as "disappointof market expectations", Ladbroke maintained

The principal attraction of Thomson T-Line for Ladbroke is the company's Vernons foot-ball pools business, with about 21 per cent of the UK market. The Ladbroke offer remains Open until February 15.

Marrying a partner with a deep pocket

Nikki Taitand John Wicks on GT Management's ceding of control to a foreign bank

OYAL CONNECTIONS R oyal connections are always useful. But does the decision by GT Management - the London-based financial services company - to surrender its inde-pendence to Bank in Liechtenpendence to Bank in Liechien-stein, controlled by the principality's royal family, mark a trend for independent fund managers in Britain? Certainly, the downturn in stock market levels since Octo-ber 1987 — which have an

immediate impact on funds under management and, there-fore, profits – has brought a number of groups into the bld spotlight over the past 15 Discerning a significant

"European" pattern among the predators — of the type that has cropped up in the corporate finance and insurance fields for example — is more

There is one precedent for the GT deal. Mr Richard Thornton, coincidentally a co-founder of GT, negotiated a tie-up between his privately-owned Thornton Management and West Germany's Dresdner Bank last year.

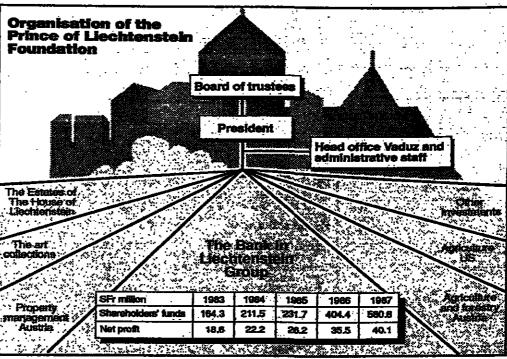
But it was the British Coal Pension Funds which came to the rescue of Edinburgh Fund Managers, the quoted Scottish group, and Throgmorton Trust which took control of Framlington, with plans to refloat the business when times are kinder. Framlington bought out a 28 per cent stake held by Crédit Commercial de France, the state-owned banking

Last summer, moreover, the privately-owned Touche Rem-nant found a friendly US shareholder, Liberty Mutual, which was happy to mop up 15 per cent of its shares. The situation has since twisted again with the loss of Touche's flag-ship, TR Industrial and Gen-eral Trust, to the British Coal

Nevertheless, the prospect of marrying UK fund manage-ment expertise to continental connections, does seem to be a swelling theme.

"A number of the larger European groups have been looking in the UK," comments Phoenix Securities, the Morgan Grenfell subsidiary which specialises in the financial services field, "either to buy control or via the joint venture

The interest, it suggests, has



come most strongly from the bigger European banking groups – with the Germans arguably at the head, followed by the French. Certainly, Deutsche Bank was among the names rumoured as a potential

In theory, the logic to such deals is fairly simple. As Phoenix puts it, "The UK fund management business is years ahead in product development and packaging." In terms of equity investment management too, it can be argued that the relatively open UK and US markets have produced a range of skills which are still somewhat underdeveloped in

suitor for GT.

On the other side, the Euroon the other side, the European banks bring substantial distribution potential and financial muscle, a key point for beleaguered, medium-sized UK fund management groups.

Distribution was very much part of the rationale of the Dresdner/Thornton deal. Nine months later, Mr Thornton has nothing but praise for his part-ners. Dresdner's presence has, he suggests, been "enormously helpful," both in terms of recruitment and of expanding funds under manage But the distribution advanUK investors and selling them across Europe runs into frightful problems, with regulatory authorities and, not least, with the continental preference for bearer securities. Although such problems, he adds, should not be insur-

tages have not shown through quite so easily. The simple idea

taking products angled at

mountable.

The GT-BIL deal looks slightly different at the outset. Both groups see a fit in terms of investment expertise and geographical strength, but no-one pretends that BIL, though admirably connected, will provide a vast retail net-

They need the international investment expertise input," says Mr David Fitzwilliam-Lay, GT chief executive. From his own company's viewpoint, there is considerable advantage in having a parent with
"quite a deep pocket" – facilitating, for example, expansion
of GT's tochold in the US.

Equally, HIL has suggested that it welcomes GT's institu-tional client balance accounting for about 70 per cent of its funds - and its Far

Clouds have hung over GT for a while. Formed in 1969 by Mr Thornton and a former col-league at Foreign and Colonial, Mr Tom Griffen, the group came to the stock market in mid-1986 with £101m price-tag.
The timing was not of GTs
own choosing problems at UK
Provident, the life company
which owned 6 cent of GT and

29 per cent of Berry Trust (in

turn, a large shareholder in GT), pushed the issue along.

Nevertheless, booming stock markets boosted funds under management, and pre-tax profits reached a record £13m in the year to March 1987, before dipping to £12.8m in the follow-ing 12 months. At one stage, funds under management were well over £4bn, compared with the current £3.3bn.

However, the impact of the 1987 crash, plus the changed rules on unit trust pricing, eventually hit home. Despite attempts to trim the cost base, the pre-tax figure was just 22.7m in the six months to September 30 1988. By then, speculation over likely suitors was mounting, fuelled by a series of boardroom shuffles and depar-

On the other side, the GT

acquisition marks a further step in rapid growth of BIL, which has consolidated assets of some SFr 6.40n (\$2.30n) and an estimated SFr 14bn-15bn of an estimated SFr 16m-15m of funds under management. Under the chairmanship of Mr Christian Norgren it has become the biggest of the three Luxembourg registered banks. Unlike other offshore centres, Liechtenstein has never henread furniture thanks. 1

tres, Liechtenstein has never licensed foreign-owned banks. The ruling family's Prince of Liechtenstein. Foundation owns 85 per cent of share capital and 37 per cent of voting rights in the BIL group. The remaining stock is listed on Swiss stock exchanges and in Frankfurt in the form of participation, cartificates BIL's market capitalisation exceeds SFr

Like other Liechtenstein banks, BIL is a member of the Swiss Bankers' Association and subject to a bilateral agree-ment which imposes Swiss monetary policy on the painti-pality. But Liechtenstein's banking laws are stricter than those of Switzerland, and none of its three banks has yet been involved in offshore scandals.

The growth of Ril. has been particularly marked since Mr Norgren came from Sweden to join the bank in 1982. Expansion has taken place both in Liechtenstein itself, where the group has over 400 of its 760 stati, and abroad.

In Vaduz, the bank has its headquarters operation, the subsidiary Bil finanz, working in the field of special financing, and three units in the trust sector. It is also custodian bank for the principality's only investment fund, FL-Swiss

Outside Liechtenstein, Mr Norgren aims for "a good spread of relatively small

Interests now include the London-based Bank in Lie-chtenstein (UK) and three affilistes in Frankfurt: a banking subsidiary, the management-consulting firm BIL Consult and a majority stake in the asset-management company Euroinvest.

- 2 VT

A year ago, BIL also joined Grosvenor Estate and other companies to form a Luxembourg property manager, Inter-national Freehold Properties. Meanwhile, in the US, the New York subsidiary merged with investment consultants Trainer Wortham.

THIS ANNOUNCEMENT IS FOR RECORD ONLY

Following the EGM of New Tokyo Investment Trust held on Monday 9th January 1989

LONDON & BISHOPSGATE INTERNATIONAL INVESTMENT MANAGEMENT PLC

is pleased to announce that



New Tokyo Investment Trust is the first fully index-linked Japanese Investment Trust in UK



Reconstitution of the Trust's portfolio was achieved at a total cost of 2.25% of NAV by The Nikko Securities Co. (Europe) Ltd.

Note:- This figure does not include termination costs. Net Asset Value as at 31.1.89 - 165 p

Broker: Rowe & Pitman Ltd.

London & Bishopsgate International Investment Management plc Hamilton House, 1 Temple Avenue, London EC4Y 0HA Tel: 01-583 1978

A member of IMRO



Sange Militares of Est in the Call Restriction with This announcement appears as a matter or record only.

Charles Country and Communication of the Communicat

Willaire Group PLC

has acquired

Medical Air Technology Limited

Climperhurst Limited

The undersigned acted as advisor to Willaire Group Pic during the negotiations, and arranged the acquisition financing.

Chase investment Bank Limited



HTV GROUP, the ITV The main area would almost franchise holder for Wales and certainly involve providing

franchise holder for Wales and certainly involve providing the west of England has taken internal training for companies

Durham acquires two US brokers

Leucadia claims 71.3% of Cambrian Leucadia National The new total results partly Corporation, the New York-based group which raised its the wake of the increased offer.

DIVIDENDS ANNOUNCED

Dividends shown pence per share not except where otherwise sta

BOARD MEETINGS

UK COMPANY NEWS

Iceland's £15.75m disposal falls short of some City estimates

Kwik Save buys Victor Value

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KWIK SAVE, the retail group, has agreed to buy the Victor Value chain of supermarkets from keland Frozen Foods for 215.75m cash, plue stock at galuation. The disposal follows iceland's £240m takeover of rival frozen food retailer Bejam at the end of last year.

The Victor Value chain can the south including London.

By Raymond Snoody France

the west of England has taken a significant stake in a company planning to launch specialist satellite television services for business and industrial sectors.

HTV said yesterday that, jointly with the Cliob Group and Parkfield Group, it had taken 51 per cent of the Business Television Corporation.

HTV will have 21 per cent, making it joint highest share-

making it joint highest share-holder with the main founder of the company the Cable Con-

or the company the Cable Cosporation, owner of Windsor Cable Television and the recently issued Birmingham cable franchise.

Mr Julian Costley, managing director of the Business Television Corporation, said vester-day, the company burned to

day the company hoped to launch its first specialist television services in the autumn following a pilot during the

D.G. Durham, the USM-quoted

Dic. Durham, the USM-quoted Lloyd's broker created when NCV Group Holdings reversed into loss-making Derek Breant last July, is acquiring two Illinois-based retail insurance brokers, The Redeker Agency and Redeker Home Agency, writes Clare Pearson.

Chire Pearson.

The purchase is being made through Durham's Insurance Coverages (ICL) subsidiary. Payment to the vendor, Phoenix Financial Corporation, is being satisfied by the issue of 1,122 ICL shares. Consideration is roughly equal to retained net commissions for the year-

r Cambrian & G Securities to £77.3m on Tues-

day, yesterday claimed control of 71.3 per cent of its target's voting rights.

Clare Pearson.

at the end of last year.

11 in the midlands and 18 in The Victor-Value chain conthe south including London.

with many locations over the

tional, IC Penney Communica-tions, part of the US retail group, and Private Satellite Network, a builder of private

satellite networks in the US.

ended November. which

totalled \$450,000 (£257,400). The Redeker Agency is involved mainly in commercial

property, casualty and employee benefit insurance, while Redeker-Home is involved in personal insurance. Durham raised 63.19m via a rights issue at the same time

as the reverse takeover by NCV; a marine, crep and pro-fessional indemnity concern. Last reported results showing

pre-tax losses of 2917,000 (£30,000) for the six months to end-June 1988 related to the Derek Bryant era.

validated, but having received sufficent valid cover, Le

declared its recomm offers unconditional year Most of the stores will be refurbished and converted to the Kwik Save logo and style of trading within six

rationalisation will occur in the north west and the mid-lands but all stores will consists of 53 discounit grocery Kwik Save said the purchase tinue trading until their full stores and is expected to would strengthen the comachieve sales of £10/m in the 12 pany's position in the south of Kwik Save currently operates

from 584 Kwik Save stores and 24 Lateshopper outlets.

Although the £15.75m price

tag is less than the £20m expec-ted by some in the market, Iceland is retaining the freehold of eight stores. Bejam paid £10m when it bought the chain from Tesco in 1986.

Following the news, Iceland shares rose 5p to 323p while Kwik Save shares fell 5p to

HTV takes 21% stake in | Thorn buys Rediffusion Business Television Corp | arm from BET for £13m

By John Thornhill

THORN EMI, the UK entertainment and electronics group, is to buy Rediffusion Business Electronics from BET, the international services group, for up to £13m in

country.

In November the Business
Television Corporation secured
one of the specialised satellite The price will depend on the final valuation of the assets one of the specialised satellite operator licences on offer from the Department of Trade and Industry.

Mr Ted George, managing director of HTV's development substitiary intecom, said yesterday. "This is much more than any interest for and is subject to the approval of the Office of Fair Trading. It is believed that in certain markets in the hotel and leisure sector the combined market share would be more than 25 tarday: "This is much more than an investment interest for us. We expect to play an important role in expanding BTC's programming facilities for their corporate clients."

The other original investors in the Business Television Corporation are Swedial — part of Swediah Telecoms Interesting of Swediah — Computational Telecoms Interesting

per cent.
RBE provides entertainment equipment and services to hotels in the UK and Western

Europe. Its background music and public address business will be retained by BET, but will be transferred Rediffusion Music's

Mr John Allan, a BET director, said that BET could not justify the investment needed to develop RBE's potential and it was selling the company to release capital for investment in its other communication

RBE will be integrated with Maidenbead-based Thorn EMI Business Communications, which markets televisual equipment and systems.

battle with US bank

By Kenneth Gooding, Mining Correspondent

CONSOLIDATED Gold Fields. the UK mining group, is locked in a court battle in New York with the Chemical Bank over documents relating to the hostile bid by Minorco.

Chemical has become embroiled in Gold Fields' world-wide campaign to ward off Minorco as it was one of a consortium which would have provided Minorco with up to £1hn cash to complete its offer. Gold Fields has appealed to the US District Court of New York to enforce a subpoena served on Chemical, claiming that Chemical has made "little or no effort" to determine if it has documents which reveal the full extent of the relation-ship between Minorco and Anglo American and De Beers group of South Africa. Between them they own about 60 per cent of Minorco. Chemical in its response to the court yesterday said the subpoena was "overly broad

and burdensome in the range of documents sought." It suggested Gold Fields "lacked the standing" to receive the documents and that, in view of various recent events in the Gold Fields-Mi-norco battle, the anti-trust cases might not proceed.

Gold Fields' | Harrods buys 25.9% stake in Mallett from Sears for £5.37m

By Ray Bashford

MR MOHAMED Al Fayed, chairman of Harrods and collector of fine antiques, has combined business with pleasure through the purchase of a 25.9 per cent holding in Mallett, one of the oldest antique

dealers in the UK.

Harrods has purchased the stake from Sears, the retail group which owns Selfridges, for £5.37m cash, equivalent to £1.50 a share. The shares added 13p to 151p yesterday after peaking at 156p. Mr Graham Jones, chief

financial officer of House of Fraser, Harrods' parent com-pany, said that the holding had been acquired as a long-term investment and that there were no plans to increase it.

House of Fraser has a 10 per cent stake in Sears and the decision to acquire the holding grew out of general discussions between the two companies.

The association will provide Harrods with the opportunity to explore the potential for lon-ger-term development of Mal-lett and the Harrods antiques

"The purchase is consistent with our policy of investing in high-quality businesses in niche market areas," said Mr

Mallett operates its exclusive antiques and art business, which specialises in the 18th Century and Regency periods, through two West End show-

Sears has held its 25.9 per cent stake in Mallett since the antique dealer received a full listing in March 1987. The sale leaves Sears with a profit on the investment of about £3m. Mr Geoffrey Maitland Smith Sears chairman, said the stake had been sold because Mallett was outside the orbit of Sears'

principal area of operations as a multiple retailer. "In many ways it is disap pointing to sell the holding but it is not something which we could develop," he said.

Mr Maitland Smith and another Sears director are expected to step down from the Mallett board but there have been no discussions about

Inoco bid talks terminated

PRIEST MARIANS Holdings, the property group, will not make a bid for Inoco, the property investment company formed from an oil concern, writes Paul Cheeseright, Property Correspondent.

An announcement from Inoco yesterday, that talks which might have led to an offer had been terminated, badly dented its share price.

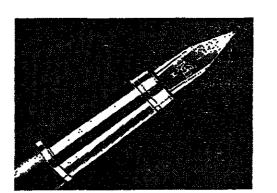
The price had been hovering at around 42p since it was disclosed in mid-December that of Priest Marian. Priest Marians had acquired a 9.22 per cent stake and was engaged in takeover talks. Yesterday, Inoco's price ended 6½p lower at 34p. Priest Mari-ans shares rose 10p to 430p. Mr David Hudd, Inoco chairman, would not ascribe any particular reason for the break-

secret of his disappointment at the breakdown of the talks and said that disagreement had come on Inoco's value. thought we ought to walk away from it," he said.

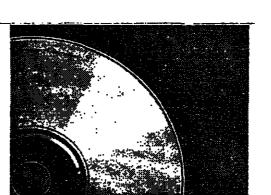
Mr Simon Fussell, chairman

"We will keep our stake for the time being", he added.

GREAT NEWS.



Great Stationery,



Great Music,



Great Do-it-Yourself,

Interim Results						
June-Dec 88 June-Dec 87						
	£million	£million				
Sales	936.0	777.8				
Pre-Tax Profit	41.6	30.0				
Net Dividend	3.6p	3.0p				
Earnings Per Share	13.82p	10.30p				

Great Books.

W H Smith are market leaders in the supply of stationery, books, recorded music, newspapers and magazines in the UK. We are also the leading bookseller in Canada.

It is a position which has been built on careful strategic planning and a thorough understanding of the markets we operate in,

As a result our companies have clear market positions and strong consumer commitment. But we

haven't been resting on our laurels. We have been improving our performance by investing in our outlets. Our

extensive use of E.P.O.S. for example kept our shelves fully stocked with the fastest selling lines over

have increased our profit per square foot and

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added a lot more.

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Prices taken at 5pm and change is from previous close at 9pm

THE RETAIL & DISTRIBUTION GROUP

Going private would lead to more aggressive expansion

Tyzack may agree £42m buy-out

TYZACK, the restructured Sheffield-based engineering group, has received an approach from management which may lead to a \$42m offer for the company.

The management team, com-

prising two directors of the main board and the general manager of a division, is proposing to offer 210p cash per share. This compared with yesterday's closing price of 200p,

up 35p. Mr Bill Eastwood, chairman of Tyzack and a major force behind the restructuring, indicated that the board was likely to recommend acceptance of the offer if certain unspecified conditions were met.

Mr Eastwood was instrumental in mounting a challenge to the former board of Tyzack in mid-1987 and took effective control of the company later

Bromsgrove

By Clare Pearson

to 21.87 per cent.

raises Ratcliffs stake to 21.9%

Bromsgrove Industries.

acquisitive engineering and financial services group, con-tinues to pick up shares in Ratcliffs (Great Bridge), the

copper and brass strip maker.

of a further 700,000 shares

raised its stake by 1.5 per cent

finance director, said his com-

pany was "fairly amicably inclined" towards Bromsgrove, which had indicated it wished

to continue as a substantial shareholder. The Ratcliff fam-

ily speaks for 54 per cent of the shares.

Bromsgrove originally bought two big chunks of Rat-

cliffs' shares last year. In

November it bought the 8.75 per cent stake held by Sir Ron Brierley's Industrial Equity

This came on top of the

August purchase of an 11.62 per cent holding from Arbuth-

not Latham, owned by NZI Corporation, the New Zealand

financial services concern in which Str Ron used to have a

38 per cent stake. Bromsgrove's results for the

six months to end-September

revealed a net profit of £262,000 on the sale of its

investment in Banro Indus-

glazed products.

A purchase earlier this week

Mr Roger Ash, Ratcliffs'

Since then, the company has followed a path of expansion through acquisition which has broadened its activities in precision components engineer-

Tyzack made its biggest move into the European filter manufacturing and distribu-tion market last December with the acquisition of Eurofiltec of France for £10.9m. Its biggest shareholder is the

Kuwait Investment Office with 14 per cent followed by Quail investment Company, a Baha-mas-based company which has a director of Tyzack on its board, with 10 per cent of the capital. The 50 largest shareholders control between 80-85 per cent of the capital.

Mr Eastwood said he did not consider the terms of the buy-out to be "generous". The 210p price was arrived at after dis-

AEROSPACE ENGINEERING,

chiefly a precision engineer, achieved a 31 per cent rise in pre-tax profits from £1.01m to

21.32m in the half-year to end-

October. But a substantial increase in its share capital

meant that earnings per share growth trailed behind at just

The figures did not contain

contributions from the two

additions made last autumn to

the company's gas turbine and

testing arm - John Curran, South Wales maker of test rigs, and Laverne L. Anderson, the

The pre-tax advance came

mostly from a reduced interest

charge of £122m (£212m) follow-

ing last year's £4m rights issue, but turnover was also higher

EPICURE HOLDINGS, the

engineering and construction services group based in the UK and Sweden, is strengthening

its piston ring interests

through the acquisition of Industriale, an Italian manu-

facturing company, for L7.31bn

The purchase will be satisfied by a £2.3m two-for-nine

rights issue at 22p per share and the sale of Grimaldi Mek-

aniska Verkstad (GMV), Epicure's Swedish precision engi-

NOTICE OF REDEMPTION

To the Holders of

TEXAS INSTRUMENTS

INTERNATIONAL FINANCE N.V.

11%% Guaranteed Notes Due 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 1176% Guaranteed Notes Due

mould tool manufacturer.

By John Thornhill

(£3.2m).

over 7 per cent.

Tyzack share price (pence)

1987 cussions between the board

Aerospace advances to £1.32m

at £10.24m (£8.92m) and operat-

ing margins improved.

The company, which derives about 60 per cent of its busi-

ness from sources connected

with the aerospace industry, operates in four markets: air-

frame components, gas turbine tooling and testing, printed cir-cuit boards, and nuclear safety

Mr John Davis, chief execu-

tive, said Aerospace hoped to announce at least one further

acquisition before the year-end. This could be of almost any type of high technology com-

pany. Mr Quinton Hazell, chair-

man, said improved market

conditions within the aero-

space and gas turbine sectors would provide the basis for a

neering business, and its

associated companies for a total consideration of SKr

30.15m (£2.74m), plus repayment of borrowings totalling

SKr 1.57m. After these two deals, Epi-

cure's borrowings will be about 26.2m, which the board consid-

ers inappropriate at a time of high interest rates, prompting its decision to raise additional

equity capital.
The directors and major

shareholders have agreed to

Italian expansion for Epicure

the terms. "We believe that the offer is fair and generous but ! can't say how the market will value it," he said.

He declined to give any details of the financing until the formal offer document is presented.
The other members of the team are Mr Christopher Med-ler, the finance director who joined the board last July, and Mr R Spender, who is general manager of the blast equip-

ment division.

Mr Goodwin said that by going private Tyzack would be able to pursue more aggressive routes for expansion with reater concentration on long

term objectives. cussions between the board and the management team and was delivered last Monday.

Mr Garry Goodwin, a member of the buy out team, said he had received indications term objectives. He stressed the potential for the company in the filtration market, particularly in continental Europe following the recent French acquisition.

satisfactory performance during the second half. Exports to the US were at a substantial

level. The acquisition of Ander

son would limit the impact of

currency movements.

Although the order book was

at a record level, much of the

benefit would not be felt until

It is hoped that Ray Technol-

ogies, the subsidiary which makes sterilisation and food

preservation equipment using

X-ray technology, may benefit

from recent controversy over

salmonella and listeria contam-

Tax took £463,000 (£379,000). The interim dividend is set at

1.56p (1.26p). On a fully-diluted

subscribe for 37 per cent of the

rights issue, which is under-written by PK English Trust.

Industriale, based in Genoa,

specialises in the manufacture

of piston rings and valve seats

As part of the Fiat group, it

made pre-tax profits of £197,000 on turnover of £4.4m for the 10

months to October 31

vatore Grimaldi, its former

owner and a former director of

ULTRAMAR, the UK oil group recently subject to takeover

speculation, yesterday said it would redeem all outstanding convertible bonds due in 2002

If fully converted by that

date, the new shares would amount to 4.66 per cent Ultra-mar's enlarged share capital.

The redemption price is 105 per cent of the principal amount, which totals £37.98m,

Ultramar said the rise in its

share price presented the first opportunity since the bonds were issued to redeem them

under the terms of the trust

plus accrued interest

42.3m in 1987.

on March 20.

ed pre-tax pro

Ultramar unveils early

convertible redemption

GMV is being sold to Mr Sal-

marine diesel

the next financial year.

suffered a pre-tax loss of £278,000 during the six months to the beginning of last October. It had made a

pre-tax profit of £1.83m on turnover of £38m in the year to the end of March.

The bid is worth some 14.3 times last full-year earnings, and is set at a premium to the

Munksjo, a quoted company, believes that this acquisition, its first outside Scandinavia, makes it the second largest paper and packaging company in Europe after DRG.

buy N. Sea & General stake

mining group, has conditionally agreed to buy a 29.9 per cent stake in North Sea & General, a diversified resources group, from Apex

making a general oner.

The purchase of 23.27m shares at 56p, compared with yeaterday's market price of 47p, will leave Apax owning 5.5 per cent of NSG, with an option to subscribe for an additional 5m shares.

If the disposal goes through, Apex said it planned to raise its stake in NSG to 14.9 per

Swedes buy Chapman **Industries**

By David Waller

MUNKSJO, a Swedish paper and packaging company, yes-terday emerged as the buyer of Chapman Industries, the loss-making UK company involved

in the same activities.

Munksjo is making an agreed hid valuing Chapman at £18.5m. The bid is pitched at 425p a share in cash with a loan note alternative, against a price of 250p on January 20 when Chapman said it had received a number of offers which could lead to a take-

Yesterday, Chapman's shares jumped from 350p to 420p, suggesting that a higher bid from another party is thought unilkely by the market. Shareholders with 30.4 per cent of the equity have accepted the bid and the Swedish company has acquired a 9.4 per cent stake.

Chapman, best known as a manufacturer of envelopes, suffered a pre-tax loss of

company's asset value of £15m. The company has pre-dicted a turnaround in the second half of the current year.

Anglovaal to

Anglovaal, the South African

Anglovaal said it viewed the holding as a long-term invest-ment and had no intention of making a general offer.

SKr 2.59m on turnover of SKr cent through market pur-

deed.
This is because the average

share price for the 30 days

prior to January 30 was, for the first time, greater than 130 per

cent of the conversion price.

Holders of the bonds may convert by March 10 at a con-

version price of 224p. Ultramar

shares yesterday rose 4p to

309p. Mr Robert Martin, corporate affairs co-ordinator, said that

the decision to redeem the

bonds was unrelated to the

current possible takeover situation, in which a Canadian concert party has built a 4.27 per cent stake.

Clydesdale Investment Trust loss-making launches hostile bid for BGT

By Philip Coggen

CLYDESDALE INVESTMENT Trust yesterday launched a hid for Baillie Gifford Technology, the specialist trust investing in high technology stocks.

The offer was immediately rejected by BGT and the stage is set for an Anglo-Scottleh clash between the Merchant Navy Officers' Pension Fund, which manages Clydesdale, and Baillie Gifford, which manages BGT. News of the bid followed a

statement on Monday from BGT that it had received a bid approach from Clydesdale, a general trust which already owns 24.9 per cent of BGT's

8% per cent convertible unse-cured loan stock in Clydesdala with a cash alternative. As is common in hids for investment trusts, the value of the offer is based on a formula asset value

(FAV) for BGT.

The loan note offer is equivalent to 98.5 per cent of BGT's FAV and the cash alternative is equivalent to around 98.8 per

The most significant difference between the FAV and the net asset value is the level of compensation payable to Baillie Gifford for termination of its management contract in the event of a Clydesdale victory. Baillie Gifford has a time year equity.

Analysis at County NatWest
WoodMac estimated yesterday
that BGT's net assets were
tilm or 99p per share.

The offer is in the form of

Baillie Gifford has a three year
contract, and receives a fee
equivalent to 1.5 per cent of
net assets per year.

Calculations are likely to be
further complicated by the fact

that unlisted investments, which are difficult to value,

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which are difficult to value, represent around 38 per cent of BGP's portfolio.

Baillie Gifford argues that it has made a substantial contribution to the management of several companies and the Clydesdate effer does not reflect the full potential of those invisionals.

those investments.

In addition, Reillie Gifford attacked what it described as the "poor performance" of Clydesdale since Merchant Navy assumed management in August 1987. Clydesdale says it will integrate BGT's portfolio with its own if its offer receives and clean, acceptreceives sufficient accept-

ances. Yesterday, BGT's shares were trading to lower at 93p in mid-afternoon trading, while Clydesdale's rose 1p to 99p.

Restructuring pays dividends at Stormgard

STORMGARD yesterday about since. Mrs d'Abo was heralded payment of its first dividend for more than 25 after the group dropped into

The group also announced its largest purchase in the printing supplies and statio-nery field since it began restructuring its operations a year ago. Fairholt, a specialist stationery and printing business, will be bought for £11.Im

in shares. The deal means more than 75 per cent of Stormgard's annual sales and operating profits will come from the stationery division and the balance from the once-troubled textiles opera-

The group intends to recommend payment of a 0.1p final dividend in the year to March

In 1985, Mrs Jennifer d'Abo used Stormgard, then a shell company, as a vehicle for a flercely-fought £15m takeover of Selincourt, a struggling fashionwear and fabric group. Selincourt shareholders who accepted Stormgard shares in the bid have had little to smile

losses and it only returned to profit in the six months to Sep-tember 30, making £203,000 before tax.
Yesterday's deal brings several new institutional investors

to the share register. In addi-tion, Mr Tony Boyden, Fatholt chairman, will join the Storm-gard board with just under 10 per cent of the enlarged equity. About 18.4m new ordinary

shares will be placed with institutions at 14p per share, compared with yesterday's closing price of 150 down %p. A further 61.2m shares will be held by Fairholt's ven-

Stormgard also said yesterday that E & A Richards, a textiles subsidiary, had received some good orders from its major customer, Marks and Spencer, and would be retained for the time being. Storingard had considered disposing of the business after it had a disappointing first

Maxwell plans \$1bn of further disposals

By Raymond Snoddy

SHAREHOLDERS of Maxwell Communications Corporation have been told by Mr Robert Maxwell, the publisher and chairman of the group, that he plans further disposals of more than \$1bm (£572m) following his acquisition of Macmillan, the US publisher, and the pur-chase of the Official Airline Childes from Dum & Bradstreet Guides from Dun & Bradstreet.

Mr Maxwell has already sold up to \$1bn-worth of business in the past few months to help finance the two large US acquisitions which together cost \$3.85bn. Shareholders were told that

Shareholders were told that antiong the businesses the company intends to sell are three Travel Age magazines produced by OAG and four Macmillan companies or divisions. They are Direct Marketing Division. a professional book club; Gump's, a speciality store and mail-order company, the Kath-

current 15-month accounting

Boddington sees froth in nursing homes business By Lisa Wood BODDINGTON GROUP, the Manchester-based real ale brewer, is following fellow con By Lisa Wood Boddington sees froth in merged to form a new Health Care division of Boddington to be consolidated as brewer, is following fellow con By Lisa Wood

brewer, is following fellow con-cern Vaux by diversifying into the founder of Country House.

It is acquiring control of Country House Retirement Homes for an initial consideration of £8m, with a contin-gency liability of between £3m and £5m depending on profit

and 25m depending on profit performance. In a separate deal, it is buy-ing NHCS, another nursing-home business, for £1.1m and redseming loans to the com-pany totalling £9.86m. Vaux, based in the north

east, recently entered the nurs-ing home market identifying homes for the aged as a logical extension of its Swallow Hotel

group.
Country House which oper country House which operates six nursing homes in the south east of England with a total of 232 beds, made pre-tax profits of £90,000 in 1987. NHCS, whose five homes operate under the name of Clare House, has 211 beds. It incurred a deficit of £244,000 in the year to end-June

the year to end-June The businesses will be

Together the two acquisitions make Boddington one of undertakings that until the the largest UK operators of two companies are consoli-

nursing homes at the more dated, Maxwell Communica-expensive end of the tions will not enter any further market. market.

Ansbacher buys ITG for £8.58m

Henry Ansbacher Holdings is expanding significantly its net-work of offshore banking and trust companies through the acquisition of international Trust Group for \$15m (£8.58m)

ITG comprises a group of Caribbean trust and banking

companies, formerly owned by an international consortium of A substantial surplus on property revaluation is reflected in the consideration,

which is about equal to the current net tangible asset

MONTHLY AVERAGES OF STOCK INDICES						
	Jan.	Dec.	Nov.	Oct.		
Financial Times Government Securities Fixed Interest Ordinary Gold Mines SEAQ Bergains (5 p.m.)	87,65 96,62 1543.5 165.9 82,174	87.00 96.27 1438.4 170.5 18,948	88.23 97.25 1478.1 175.1 24,100	88.82 97.25 1493.4 172.4 25.069		
F.TActueries Industrial Group 500 Share Financiel Group All-Share	994.82 1064.79 704.48 — 976.16	925.95 994.41 671.36 914.83	969.40 _ 1034.07 668.61 948.92	979.26 1044.29 696.87 967.56		
FT-8E 100	14017	1760 7	4040.0			

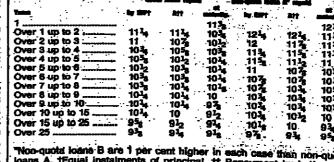
<u>. 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 </u>	Jan. High	Jan Low
Ordinary	1674.4(31m) 1054.97(31m)	1447.8(3rd) 921.22(3rd)
FT-8E 100	2061.8(31at)	1782.8(3rd)

Schlumberger

New York, New York, January 26 - The Board of Directors of Schlumberger Limited today declared a quarterly dividend of 30 cents per share on outstanding stock. The dividend is payable April 7, 1989 to shareholders of record March 6, 1989.

The Board also authorized a stock repurchase programme which allows the Company to purchase up to 10 million shares, on the open market. The purchase may be made from time to time, depending on market conditions.

PUBLIC WORKS LOAN BOARD RATES



EFT moves swiftly to appoint Stevenson as new chairman By James Buxton, Scottish Correspondent

MR PETER Stevenson, a

leading Scottish merchant banker, yesterday became executive chairman of EFT Group, the Edinburgh-based financial services company for-merly known as Edinburgh Financial Trust. EFT has also bought all the

shares of Stevenson Trust, Mr Stevenson's investment banking and corporate company.

EFT is to issue 2.3m new shares to Stevenson Trust, giving the shareholders of Stevenson Trust - Mr Steven-son's family - 9 per cent of EFT. Based on EFT's January 30

share price of 41p, the deal valanare price of 419, the deal varues Stevenson Trust at £1.15m,
11 times its earnings for 1988.
The deal is conditional on Stevenson Trust having audited
pre-tax profits for the year of
at least £16.00 meet. Mr. Hout

Earlier this week, Mr Hugh Barry resigned as acting chair-man of EFT and left the com-pany, but retained his 835,000 shares. He is to pursue his activities in corporate finance independently.

Mr Hamish Grossart, EFT

managing director, said he thought Mr Stevenson's ability, experience, client base and connections would complement the existing strengths of EFT. He said he aimed to make EFT into a leading UK merchant

bank with a Scottish base. He hoped to establish a presence in London within the next ence in London within the next
12 months, possibly through an
acquisition or by finding a
financial partner. "We want to
become comparable to the
non-market-making merchant
banks like Flemings, Charterhouse or Lazards," he said.

Mr Stevenson, who is 41, was
for 17 years with Noble Gros-

for 17 years with Noble Grossart, the Edinburgh merchant bank. He left in 1986 in order, as he puts it, to "take stock" of his life. He pursued some corporate finance activity and formed Stevenson Trust last Mr Grossart, 31, is a nephev

of Mr Angus Grossart, chair-man of Noble Grossart. He took control of Edinburgh Financial Trust in early 1987 through a reverse takeover by First Northern Corporate Finance, a company which he founded with Mr Barry after they both left Noble Grossart in 1983.

they both left Noble Grossart in 1983.

Edinburgh Financial Trust, which had been performing badly, gave up its trust status shortly afterwards and renamed itself EFT Group. It swiftly expanded into three divisions — corporate finance, asset management and investment management, the last through Classons Investment through Glasgow Investment Managers. The company had

net assets of £10m at the end of

Although Mr Barry was executive deputy chairman and acting chairman of EFT, Mr Grossart was chief executive Mr Barry is understood to have felt that the expanded EFT Group, with several senior executives, was unsuited to his style as an independent corpo-

He is being allowed to take a number of corporate clients with him from EFT.

by tory , any makety

Non-quota loans B are 1 per cent higher in each case then non-quota loans A. 1Equal instalments of principal. 11 Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Weekly net asset Tokyo Pacific Holdings (Seaboard) N.V on 30.01.89 was US\$ 178.21 Listed on the Amsterdam Stock Exchange

LINGUAFHONE GROUP PLC Ernst & Whinney acted as financial advisers to Linguaphone Group PLC's Board of Directors and assisted in negotiations.

Ernst & Whinney

Ernst & Whinney is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business. Our principal place of business in the U.K. is Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Accountants, Advisers, Consultants

NOTICE IS HEREBY GIVEN to the holders of the outstanding 11%% Guaranteed Notes Due 1991 of Texas Instruments International Finance N.V. that, pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of March 15, 1984 and the Terms and Conditions of the Notes, Texas Instruments International Finance N.V. intends to redeem on March 15, 1989 all of its outstanding Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after March 15, 1989 on presentation and surrender of the Notes together with any appurtenant Coupons maturing subsequent to March 15, 1989 in U.S. Dollars, subject to applicable laws and regulations, either (a) at the office of the Fiscal and Paying Agent in New York City, or {b} at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, main offices of Swiss Bank Corporation in Basle or Krediethank S.A. Luxembourgeoise in Luxembourg. Coupons due March 15, 1989 should be detached and collected in the usual manner.

Bearer Notes surrendered for payment should have attached all unmatured coupons. Interest accrued to March 15, 1989 will be paid to the registered Noteholders in the usual manner.

manner.

Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan. City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment. From and after March 15, 1989 the Notes will no longer be outstanding and interest thereon

This announcement appears as a matter of record only

CENTAUR COMMUNICATIONS LIMITED

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TEXAS INSTRUMENTS INTERNATIONAL FINANCE N.V.

By: MORGAN GUARANTY TRUST COMPANY

Dated: January, 1989

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BRUARY ? IVE

UK COMPANY NEWS

Employee ownership - the driving force

Clare Pearson on the prospects for NFC following its market debut next Monday

the transport and dis Exchange, is that employee tribution group formerly control has been a significant known as National Freight if unquantifiable contributor Consortium looks set to get off to the company's success over Consortium, looks set to get off

to a flying start.
Mr Robert Havand transport analyst at stockbroker James Capel, estimates that, assum-ing market conditions do not deteriorate, early; dealings could see the shares as high as 230p, which compares with earlier expectations of around

yet higher prices could be in sight if overheating develops in what will be an extremely nar-row market in the shares. NFC's fletation, since it is by way of an introduction, does not involve the issue of new shares although it is accompanied by a one-for-eight rights issue of 39.9m shares at a deep discount of 130p.

The enthusiasm that is now

expected cuts across earlier worries that institutions would be put off from buying by the unusual capital structure of the company, which was priva-tised via an employee buy-out

in 1982. After the flocation, employees, who currently account for a majority of the equity, will through a special share effec-tively each have twice the voting power of external investors in certain circum-

tification for this arrangement, accounting for about 17 per

EXT MONDAY's stock for which it had to gain special market debut of NFC, dispensation from the Stock the transport and dispensation from the Stock Exchange, is that employee

the past few years.

To the institutions on the other hand, while the arrangement is not as unsitractive as being offered disenfranchised shares, it raises concerns about conflicts of interest between internál and external investors. over areas such as wage regotiations, cleaures, and of course, a hostile

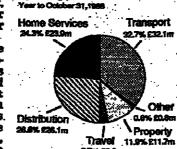
They have also expressed concern about the practical dif-ficulties of keeping the market informed about shifts in voting power as shares change

However, according to UBS
Phillips & Drew, joint arrangers of the issue, only a handful
of the 100 or so institutions spoken to have expressed serious misgivings about these problems. Such worries presumably can be laid aside if enthusiasm for buying the shares is strong

enough.

The level at which the shares will settle down on a iongen-term view is a more complicated matter. The main problem is that nobody knows how much stock will be made available to the market by the existing shareholders.

Operating profit: Total £96.2m



Operating losses of \$7.8m relating to discontinued activities have been each

cent of the shares, are almost certain to reduce their holdings over the next year. Many are venture capital funds which may be literally unable to hold on, although equally they are unlikely to dump

But the general view is that employees, who together with their families speak for about 65 per cent of the shares, will not be giving up their control in the short or medium term. However, pensioners and exemployees and their families, who control about 18 per cent. are likely to be weaker

It would certainly be reasonable to expect a chunky proportion of the rights issue to find its way into the market. UBS Phillips & Drew estimates as many as 50 per cent of the

shareholders, who have mittle February 24 to make up their minds, will not take up their

he attraction of NFC, which with a market capitalisation of well over £700m will be a sizeable addition to the transport sector, derives mainly from its position in the distribution business: a "value-added" function that has developed out of old-fashioned haul-

Enthusiasts for the business believe companies involved in it should provide above-average growth over the next few years. Led by the food retailers in the early 1980s, the switch from own-account distribution operations to use of third-party contractors is by no means complete among UK compa-

In continental Europe, domestic distribution (rather than cross-border trucking) as yet trails behind the sophisti-cation of the British operators But establishing what would be a reasonable rating for the shares from this point of view is not a simple matter, since no quoted company is exactly comparable, and ratings in the ector are spread across a

broad spectrum. The rule-of-thumb comparison is with Transport Development Group, the distribution and storage company with a market value of about £385m. But this company's manage ment structure is entirely different, and its earnings growth is slower, though it has a much stronger European presence

than NFC. Christian Salvesen, with a market value of around £460m, is even more of an inexact comparison because its range of transport and distribution activities is narrower, and it is is also involved in unrelated

The purest comparison from a distribution point-of-view is Tibbett & Britain, but this is a small company with a thin market in its shares.

evertheless, analysts suggest at 230p NFC's shares do not look overpriced, though 220p would be more comfortable. At the higher price they stand on a premium prospective p/e of about 121/2 for the current year, and provide a yield of 4½ per cent. Adjusted for differing year-ends, this means the p/e is about 2 percentage points higher, and the yield about 1 percentage point lower, than

However, if ever a stock was likely to prove a volatile investment, this is it. Indeed, those inspired by NFC's debu to increase their weighting in the sector might prefer to take advantage of its "drag" effect on TDG and invest in that instead, thus avoiding the

stake formerly owned by Milli-pore, a US medical-equipment supplier. ICI's biological products division was formed in 1984 to take the company into new fields of biotechnology. Areas in which it is involved include protein-derived foodstuffs, disposable plastics, waste-disposal techniques, preservation agents for silage and biotech-nology-based methods for making chemicals used in

ICI adds to

activities of

IMPERIAL CHEMICAL

Industries, Britain's biggest

chemicals group, yesterday

announced a significant move into biotechnology through the purchase of Cambridge Research Biochemicals, which

The Cambridge-based com

pany – which was bought for

an undisclosed price and has annual sales of about £2m —

will form part of ICI's biologi-cal products division. The

number of staff at the division,

which is based at Billingham. Teesside, will rise from 250 to

Mr John Russell, general manager of the biological

products unit, said the pur-chase would strengthen ICI's

capability in techniques to

produce new types of biochemicals used in areas such as drugs and laboratory instru-

Cambridge Research Bio-

chemicals specialises in mak-

ing specific fragments of bio-

logical materials called

As part of the acquisition ICI has bought the 10 per cent

of applications.

sells biochemical reagents.

biological

division

By Peter Marsh

Mr Russell said the division had recently been given the go-shead by the main board to expand its activities in a num-He did not, however, want to

reveal sales targets nor divulge the division's current turnover.
The division is spending £10m on a fermenter on Tees-

side which will make some of its new products. It also has sales or technology agreements with about 25 companies outside the ICI

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US\$ 150,000,000 **Guaranteed Floating Rate Notes Due 2011**

In accordance with the Description of the Notes notice is hereby given that for the interest period from January 27,1989 to April 27,1989 the Notes will carry an interest rate of 9,3375% per annum.

The interest payable on the relevant interest payment date, April 27, 1989 against coupon n°12 will be US\$ 233.44 per Note of US\$ 10,000 nominal and US\$ 5,835.94 per Note of US\$ 250,000 nominal.



KREDIETBANK

SAEHAN MEDIA CO., LTD.

US\$30,000,000 1.75 per e

NOTICE OF CONVERSION PRICE ADJUSTMENT

BIM buys 24.9% of New Tokyo Trust

By Clay Harris

BISHOPSGATE Investment Lord Donoughue and two col-Management, which adminis-ters the pooled pension funds of Maxwell group companies, has bought a 24.9 per cent stake in New Tokyo Invest ment Trust. ment Trust.

New Tokyo was recently converted to "track" the First Section of the Tekyo man-

The shares were bought tondon & Bishopsgate Interfrom London & Bishopsgate International, LBH's fund manage Holdings, a private company in which Mr Robert Maxwell personally has a 75 per cent interest, with the rest owned by ers in January. st. The shares were bought

to the remaining of the

Downturn at **West Industries**

Industries, the engineering, construction and pest control group, declined 16 per cent to £183,000 in the six mouths to

lord Denoughus and two colleagues.
At yesterday's market price of 1619, the New Tokyo holding was worth £17.6m.

LBH, which, successfully campaigned to change New Tokyo into a passwely managed tracking fund, retains a 3 per cent interest in the trust.

a remainded to the Mark and a minimal in the Mark and a minimal of the Mark and the Mark and

Pre-tax profits at West

Mr Mel Morris, who took over as chairman last August, said the results did not reflect the impact of the group's new management, appointed in September. This had contrib-uted to strong order books which "promise well for the second half".

The outcome came on turn-over 16 per cent higher at £7.77m (£6.67m). Earnings per 5p share dipped to 0.89p (1.24p) and the interim dividend is maintained

Ballyvesey takes a drive into Europe

By Clay Harris

BALLYVESEY HOLDINGS, a private transport group based in Northern Ireland, has taken its first step onto the Continent with a 50 per cent stake in CBV Blumbardt Fahrzeuge, a West German trailer manufacturer.

The price paid for Wupper tal-based Blumhardt, which has annual turnover of some DM40m to DM50m (£12m to £15m), was not disclosed. It ranks in the top seven German trailer makers.
Mr Wilson McClelland, Bally-vesey financial director, said

his company expected benefits from Blumhardt's national ser-vice network and its export contacts. In the run-up to 1992, each company expected to benefit from the other's knowledge of national standards. Ballyvesey already owns Sheffield-based Craven Tasker,

the third largest UK trailer manufacturer, and Montracon, the Ulster manufacturer which specialises in trailer chassis. It also owns Montgomery Transport, a haulage company, and the Belfast Ford dealer J.E.

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COMMODITIES AND AGRICULTURE

Coffee fall sparks talk of quota cut

By David Blackwell

COFFEE prices in London yesterday fell sharply, taking their cue from a steep over-night fall in New York. The second position robusta futures contract shed £31 to

close at £1.132 a tonne. The fall in New York arabica prices on Tuesday raised spec-ulation that the International Coffee Organisation (ICO) will have to cut total export quotas soon. A cut will be triggered if the ICO 15-day average indica-tor price falls below 120 cents a lb. Yesterday the indicator stood at 123.43 cents a lb. while the composite daily price was 121.46 cents a lb.

Paradoxically, the fall in the London robusta market is being driven by the withdrawal of speculative money from New York's arabica mar-

ket at a time when robusta supplies are tight because of late deliveries from Africa. Under the current structure of the ICO export quota rules, any cut is likely to be borne entirely by the robusta producing countries.
At present the ICO global

export quota stands at 58m bags. However, shipments are behind schedule. The latest figures show that total ICO exports to member countries for 1988 totalled 52.6m bags the lowest level for five years. Meanwhile a routine session of the ICO executive board ended yesterday with no sign of progress towards a new coffee agreement. The full negotiating group meets on February 20. The current agreement expires in September.

Freeze adds to US wheat crop worries

By Deborah Hargreaves in Chicago and Nancy Dunne in

ARCTIC COLD air from Alaska yesterday barrelled into the lower 48 states, creating new concerns for an already endangered US winter wheat crop. in the heart of the country's bread basket - Nebraska, Kansas and Colorado – extremely dry, warm weather has been depriving the young crop of its usual insulating snow cover. Without the protection of snow, wind damage has been extensive, and the warmth has brought both insects and evanoration of the little rainfall

Now farmers are worrying that the frigid air will kill their crops, according to Mr Joe Christopher, a wheat analyst at Linnco Futures in Chicago. The polar air outburst, accompanied by snow, driven by winds over 100 mph, could fur-ther damage the already

Meteorologists say that about one-third of the country, still has not recovered from last summer's drought. According to the US Wheatgrowers, parts of the US have received 25 inches less rain than average in the last 22 months. The northern Great Plains and northern Rockies need as much as 8 inches more than normal rainfall to end the

The Federal Reserve Board, in its beige book of last week, also noted worries about continued dry weather. The Dallas Federal Reserve reported that the winter wheat crop has already suffered damage, and the Kansas City and St Louis Feds said that dry conditions threatened the wheat crop in their districts.

In parts of the Northwest, like North Dakota, recent pessimism about the crop dissolved with two recent heavy

winter snowstorms, which

added two to four inches of precipitation, but much of this was blown away. While good spring rains could still rescue large parts of the crop, some local Kansas analysts say that even with good rainfall, yields could drop by a third from the normal 35

bushels per acre.
The winter wheat crop. which comprises three-quar-ters of the total US wheat harvest, was already on its way to being lower than many analysts had projected. The US Agriculture Department last month reported winter wheat seedings at 54.5m acres, well below expectations but above last year's 48.8m acres.

Mr Christopher said the US needed a bumper crop this year "to avoid running out" of some categories of wheat. Stocks, lowered by strong subsidised exports and acreage reduction programmes, have already sunk to the lowest levels since the 1970s. On December 1, the US

Department of estimated wheat stocks at 1.7m bushels, down from 2.5bn the previous Decem-ber. Stocks of durum wheat, hit hard by last summer's drought, have fallen to 93m hushels from 120m bushels Wheat futures prices plunged in Chicago yesterday, wiping out four consecutive

days of gains. "It's hard to sustain a market purely on weather and we just ran out of steam," said one trader late last night.

China faces shrinking cotton production

By Colina MacDougali

CHINA'S COTTON output faces a bleak future as acreage sown this year shrinks and farmers turn to more profitable crops, the China Daily said yesterday.

Textile mills in China's northwest are already short of

raw cotton and the deficit is likely to bite harder. The hundreds of new mills built in recent years as permitted by reform policies will aggravate

the shortage.

Acreage in China's three biggest cotton growing provinces, Shandong, Hebei and Henan, has fallen by 15 to 20 per cent. while similar drops are reported from other provinces. Last year output fell to 4.1m tonnes from 4.25m in 1987, nearly a third below the peak nearly a third below the peak figure of 6.26m tonnes in 1984. In the following three years textile exports rocketed, so that by 1987 at \$9.54bn they made up nearly a quarter of China's total exports. China had been a substantial importer of raw cotton up to

While China has suffered serious weather difficulties in the last couple of years, the problem mainly lies in government payment policies. Farmers say that what they earn from cotton growing no longer covers labour and input costs. The current purchase price is only yuan 176 per kilogram, compared with yuan 1913 in

Chemical fertiliser and protective plastic film have been scarce, and their prices steadily rising. Grain prices on the free market, and prices generally, have escalated sharply, causing real hardship. Not surprisingly, cotton farmers have turned to growing grain to recoup. In the early 1980s China's

economic reform was quick to boost farm output as the old communes were dissolved and peasants allowed some free-doms to plant what they liked. However, in 1984 the reform was carried a stage further with all controls on planting relaxed, and they were quick to abandon mainstays like grain and cotton for more profitable

Neither of these mainstays

has recovered anything like its 1984 figures. Grain only reached 393.7 m tonnes last year, compared to the 1984 high of 407 m tonnes. China would like cotton output to settle at 5 get is still a long way off • China lost \$36m in 1987 and 1988 because different firms and organisations competed against each other to buy wool in Australia and New Zealand. the official International Business newspaper said, Reuter reports from Peking.

Australian gold rush falters

Chris Sherwell examines the impact of declining prices

USTRALIA'S THIRD Gold Rush, under way since 1985, is beginning to falter under the impact of weak bullion prices, a strong Australian dollar and heavier

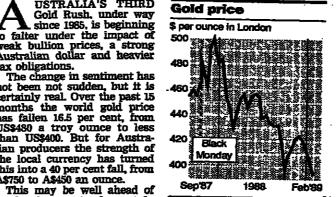
tax obligations.

The change in sentiment has not been not sudden, but it is certainly real. Over the past 15 months the world gold price has fallen 16.5 per cent, from US\$480 a troy ounce to less than US\$400. But for Australian producers the strength of lian producers the strength of the local currency has turned this into a 40 per cent fall, from A\$750 to A\$450 an ounce.

production costs for estab-lished mines, but for new entrants with higher costs and rising borrowing charges, it makes mining prospects appear increasingly marginal. Also suffering from the recent trends are companies which have not made forward sales of their output at the higher prices prevailing ear-

The lack of protection means their revenues are now falling unless they can increase their output directly or "high-grade"

In fact this is already hap-pening on a large scale, for quite a different reason – last year's government decision to remove the long-standing



exemption from corporation tax enjoyed by gold mining companies. The tax comes into effect in 1991, and every effort is being made to beat the

"Australian gold mining companies are caught between a rock and a hard place," one analyst commented yesterday.
"At the very time they are maximising their revenues, they are facing a squeeze on price. Yet in 1991 they will have to pass the benefits of any gold price improvement to the Government."

The gold mining industry is

still campaigning strongly against introduction of the tax, even though the legislation has

now passed through Parliament. According to one analyst, however, the issue is of less importance than the recent price trends.

recent price trends.

Most Australian gold development projects are now under review and that has reinforced the gloomy trend on the share market, where the gold index fell this week to 1,455 points, compared with 4,132 points before the "Black Monday" crash. One of the country's biggest

gold producers, Western Min-ing Corporation, revealed this week that development of its Yandan gold project in Queen-stand had been postponed, as had work on ore bodies around Kalgoorlie in Western Australia, because of the higher Australian dollar exchange rate. But analysts say Western Mining, because it uses a sys-tem of option floor pricing rather than forward sales to hedge against price fluctua-tions, is suffering because it is

covered against bullion market rather than exchange rate Companies which, by con-trast, have used forward sales to lock in an Australian dollar rate as well as a gold price, include ACM Gold and Dominion Mining ACM in particular has sold its production up to three years forward at prices of

up to A\$750 an ounce, so is in a more attractive position.

Homestake Gold, on the other hand, has a policy of not making forward sales. Yet it surprised many observers earlier this year by its agreement to share the risk with entrepreneur Mr Alan Boad's gold interests in developing Kalgoorlie's Golden Mile through the so-called "Big Pit".

Mr Bond is thought to have been financially squeezed by the falling Australian dollar gold price and the capital investments involved in devel-

gold price and the capital investments involved in devel-oping the pit. With the Homes-take deal, the development looks more likely to material-ise, but some analysts still entertain doubts. For any company, the big question is less whether to go shead than to decide the level of production and cut-off grades which yield an accept-able return. But the broader worry is the longer-term future, first because mines will be developed more rapidly and less exhaustively, and second because of an inevitable slowdown in the exploration effort.

The result will be that more gold is left in the ground. Australian production could hit 170 tonnes this year, but is expec-ted to start slipping in the 1990s.

De Beers 'confident' over OFT inquiry

By Kenneth Gooding. Mining Correspondent

Mining Cogrespondent

DE BEERS' Central Selling
Organisation, which controls
more than 80 per cent of the
world-wide trade in rough
(uncut) diamonds from its London base, yesterday formally
responded to the news that its
activities were being investigated by the UK Office of Fair
Trading by saying: "We are
confident that none of our
activities infringe any regulatory requirements."

Befering to the fact that the
OFT was acting on a complaint

Referring to the fact that the OFT was acting on a complaint by Consolidated Gold Fields, the UK miming and industrial group, the CSO added: "Consolidated Gold Fields is, of course, not involved in any way in the diamond industry. There must be a question as to its interest in and knowledge of the workings of the industry."

The CSO also pointed out that the OFT inquiry "must be

that the OFT inquiry "must be regarded as being at a very preliminary stage indeed.

The CSO had been selling diamonds from London offices for nearly 60 years, and employed 1,300 skilled personnel demonstrating its commitnel, demonstrating its commit-ment to the UK.

'Economic pragmatism' unlocks Guyanan wealth

Kenneth Gooding on efforts to boost earnings from gold and diamonds

HE GOVERNMENT of level local planners and policy Guyana, the third-poorest nation in the western hemisphere, believes the country could transform its economy by attracting for-eign investment to help unlock its largely untapped resources of gold, diamonds and timber. Guyana was once ostracised

in the West because of its poor debt repayment record and the foreign policy of its outspoken former president, Mr Forbes Burnham. But since it started practicing its new policy of "economic pragmatism" sev-eral foreign gold mining companies have already embarked on exploration programmes. However, Guyana is particu-

larly anxious to attract increased interest from mining companies in western Europe, one of its major trading partners, and especially those in the UK, a country with which it has strong historic links <u>links.</u> With this in mind the Guy

ana Geology and Mines Commission is organising a visit for European mining industry representatives to the country in February so that they can see for themselves what has already been achieved and get first-hand information from top WORLD COMMODITIES PRICES

makers.
The commission believes the Europeans will then recognise that Guyana offers attractive investment opportunities, with potentially rich gold and diamond deposits, an English-speaking labour force and a high literacy rate (91 per cent). It also has a Government which feels it has taken all the necessary steps to create a hospitable financial environment for foreign mining com-

The Guyanan Government no longer insists on equity participation in mining projects except where previous explora-tion has been carried out. Then the Geology and Mines Commission is nominated to hold a small interest, normally not exceeding 15 per cent and not involving obligations to contribute towards capital require-Although the local Gold

Board has sole authority to buy and sell gold produced in Guyana, a mining company owned by foreign parents may be authorised to sell gold outside the country, provided sufficient metal has been sold to the Gold Board to cover all local expenses.

Corporation tax is 45 per

cent. capital equipment for

391.6 393.5 396.8 490.8 496.2 411.6

0 398.5 404.3 409.0 415.0 420.5 398.2 430.5

Previous High/Low

144.40 142.90 137.70 132.50 126.50 122.10

US MARKETS



mining can be imported duty free and there is no barrier to the export of profits and dividends.

Currently Guyana produces gold on a very modest scale. Official production amounted to 21,424 troy ounces last year, the first time it had topped 20,000 ounces for 30 years. Unofficial production by subsistence miners - known locally as pork knockers - was official total.

The recent improvement in the official gold production figures is almost certainly due to the higher prices now being paid by the state-owned Gold Board, which effectively boosted its price by 50 per cent last year by setting if against the daily gold "fixing" price on the London bullion market and a special foreign exchange rate for the local currency.

The geological formations of the Guyana Shield have been

known as a source of gold and diamonds for some time.

The granite-greystone terrains of the world, which are prolific gold producers, are well represented in more than a third of Guyana's 214,000 Moreover, the platform cover

sequence that overlies the greenstone terrain in Guyana is a natural host for alluvial gold and diamond occurences which have been worked for over a century.

During that time an estimated 3m ounces of gold was produced and output, at the peak reached 140,000 ounces in

The recent changes which made gold production more attractive encouraged local diamond mining and this resulted in a substantial fallin output last year, to 7,420

The Geology and Mines Commission has identified six

CRUDE Oil (Light) 42,000 US galls \$/barrel

and 11,565 carats the previous

regions of prime exploration potential. This process has been possible because all mineral rights are vested in the state. Extensive map coverage as well as records of previous exploration and development at more than 200 sites are available for inspection through the commission.

Among the new miners in

Among the new miners in Guyana is Golden Star Resources, a junior Canadian company formed in 1984 specifically to explore in Guyana. At one prospect, in Omai, the company has reached agreement for Placer Dome, one of the biggest North. American mining groups, to finance and operate a mining

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The SNC Group of Canada is also exploring and at Tassawini the Brazilian tin mining company, Paranapa-nema, has been involved in a joint venture with the Guyanan Government since 1984. Gold production is forecast to begin late next

Other foreign companies reputed to be interested in sold and diamond exploration in Guyana include Amax, Homestake and Freeport McMoRan of the US and Noranda and

LONDON MARKETS

CASH NICKEL and three-month prices

resterday closed down and at parity. More than 2,000 tonnes were borrowed from the market (when traders buy trading; some traders thought the operation probably reflected shipment delays. Other bese metal prices were absence of any fresh news from the physical aluminium sector prices were likely to continue to decline and test support around the \$2,200 a tonne level. Copper retreated with Comex. Traders said the Peruvian strike threat take their profits on what appeared to be a substantially overbought market. Lead closed at the day's lows. The North American list prices. Gold prices continued to retreat.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai Brent Blend W.T.I. (1 pm est)	\$14.10-4.20z \$16.45-6.56w \$17.37-7.42z	+0.20
Oil products (NWE prompt delivery per to	onne CIF)	+ or -
Premium Gasoline Gas Oil Heavy Fuel Oil	\$185-187 \$142-144 \$72-74	+1 +1.5
Naphtha Petroleum Argus Estimates	\$158-160	-1
Other		+ or -
Gold (per troy oz) 4 Sliver (per troy oz) 4 Platinum (per troy oz) Palladium (per troy oz)	\$392.5 586c · \$525.75 \$139.75	-1.75 +2 +2.50 +0.25
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market)	\$2235 149 ⁵ s-153c 40c 810c	-30 -10 ² s + 10
Tin (European free market) Tin (Kuala Lumpur market) Tin (New York) Zinc (US Prima Western)	£4385	+ 10 + 10
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	109.37p 141.45p 61.18p	-0'38. +0'33. -0'02.
London daily sugar (rew) London daily sugar (white) Tata and Lyle export price		+ 15.8 +3.0 + 11.5
Barley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	E113w E133w E125.8v	+ 0.5 + 0.85
Rubber (spot)♥ Rubber (Mar)♥ Rubber (Apr) ♥ Rubber (KL RSS No 1 Feb)	63 00p 72-50p 73.00p 315.5m	+0.50
Coconut oil (Philippinea)§ Paim Oil (Malaysian)§ Copra (Philippinea)§ Soyabeana (US) Cotton "A" Index Wooltops (64s Super)	\$185	+7.5 +5.0 0 +1 -0.05
£ a tonne untess otherwise c-cents/ib. r-ringgit/kg. z-i May. u-Mar/Apr. q-Apr/Jun	Mar. w-Feb.	v-Apr/

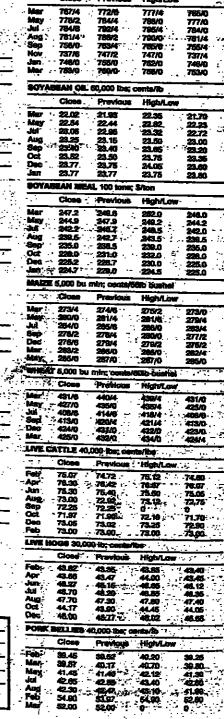
Commission average fatstock prices. ' change from a week ago. *London physical market.

COCO	E/tonne		•	LONDON	MET!	T EXCH	MGE		(Prices suppli	ed by Amalgama	ted Metal Trading)
	Close	Previous	High/Low		Clos	18	Previous	High/Lov	AM Office	al Kerb close	Open Interest
Mar	835	828	836 820	Alembeke	n, 99.7	% purity (per tonne)			Ring turn	nover 18,125 tonne
May	851	839	854 827	Cash	2225	L-30	2285-90	2235	2235-6		
Jul	838	832	838 821 835 818	3 months			2280-4	2255/220		2200-5	25.460 lots
Sep	836	831 841	851 828								
Dec Mar	855 860	B44	860 835	Copper, G	irada /	k (E per to	ane)			. Ring turn	nover 51,450 torane
May	669	856	860 850	Cash	1868		1903-6	1895/187		457.00	
			10 tonnes	3 months			1808-9	1800/177	4 1796-8	1778-80	64,179 lots
ICCO I	ndicator	prices (SDF	ls per tonne). Daily		cents	rfine ounce	9}			R.	ing turnover () czs
		: 1083.00 (1 090.81 (108	114.84):10 day aver- 6.08) .	Cash 3 months	580-1 583-1		579-82 592-5		577-9 590-2		370 lots
COFFE	E E/tonne	_		Leed (C po	er tonn	ie)				Ring tu	mover 8,550 tonne
	Close	Previous	High/Low	Cash	367-		371-2	389	389-70		
1400	1172	1198	1175 1182	3 months	371.	52	372.5-3	374/370	372-2.5	371-2	9,697 lots
Mar May	1132	1163	1140 1125	Nickel (\$	per ton	ine)				Ring tu	mover 7,290 tonne
Jly	1112	1148	1123 1105	Cash	1785	G-700	17900-8000	17700	17900-81	···	
Sep	1103	1138	1109 1095	3 months			17850-900	18000/17			6.340 lots
Nov	1100	1130	1107 1096					10000	7700000		
Jan	1100	1133	1107	Zinc, Spe	HIN THE	ty @uses (S per tonne)			Ring tur	mover 4,450 tonne
Turnov	er:4865 (3	477) lots of	5 tonnes	Çash	1890		1910-20	1905/189			
			ents per pound) for	3 months	1825	-30	1855-60	1835/183	1840-50	1795-810	3,685 lots
			5 (122.58); . 15 day	Zinc (\$ pe	r tonne	9)				Ring turn	over 10,700 tonne
<u>average</u>	e 123.43 (723.94).		Cash	1810	-5	1825-30	1815	1815-8		
				3 months			1780-2	1793/174		1735-40	11,960 lots
	t (S per to										
Rew	Close	Previous	High/Low								
Mar	228.20	232.60	230.00 225.20								
May	229.20	233.00	231.00 228.00								
Aug	227.80	232.00	229.40 227.80							•	
Oct	227.00	231.00	228.60 225.40	POTATOE	-					RLION MARKET	-
Dec	225.00	229.00	223.60 223.00	PUIATUE	e max	118			TAMPON DI	HANNE CHANCE	
Mer May	223.00 222.00		222.00 222.00		Jose	Previous	: High/Low		Gots (line oz)	\$ price	£ equivalent
White		Previous			0.0	50.0	48.0		Close	3924-3924	224-22412
	Close		High/Low		2.5	70.2	74.7 70.0		Opening	390-3901 ₂	2224-2224
Mar	283.50	287.50	284.00 282.00		6.3	81.0	87.0 82.5		Morning fix		224,577
May	273.50	277.50	277.00 273.00		5.5	86.0	85.5 94.5		Afternoon fix		224.201
Aug	273.00	277.00	276.50 272.50	Feb 9	5.0	96.0	21.3		Day's high	393-393½ 390-390½	
Oct	265.00	270.00	267.00 265.00	Turnover	1024 (3	377) lots of	40 tonnes.		Day's low	381-031-5	•
Mer Mey	259.50 257.50	265.00 262.00	263.00 260.00 261.00 259.00			-					
маў	<i>@(3</i> 0	202.00	201.00 238.00	SCYAREA	4 444	f Channe				* !	A

Mar	228.20	232.60	230.0	00 226	.20	•								
May	229.20	233.00		00 225										
Aug	227.80	232.00		40 22 7								•		
Oct	227.00	231.00		BO 225			au					·	_	
Dec	225.00	229.00		BO 223	.00	PUIATO	DES E/ton	41 0		LONDON B			AT	
Mer	223.00		222.0				Close	Previous	High/Low	Goto (tine or	cha 2 (s	e .	£ equivale	erd
May	222.00		222.0	00		Feb	50.0	50.0	48.0	Close	3924		224-22412	
	Close	Previous	s Hìgh	wوا/		Apr	72.5	70.2	74.7 70.0	Opening	300-39		222 4 -222	Ł
Mar	283.50	287.50	284 (00 282	m	May	86.3	81.0	87.0 82.5	Morning fix			224,577	•
Mav	273.50	277.50		00 273		Nov	85.5	86.0	85.5	Afternoon fit			224.201	
Aug	273.00	277.00		50 272		Feb	95.0	96.0	94.5	Day's high	393-39			
Oct	265.00	270.00		20 265		Ŧ	- 4004 #	227 Jane 44	40 100000	Day's low	390-39	10 ½		•
Mer	258.50	265.00	263.0	30 260	.00	LUTHOVE	n 1929 (3	537) lots of	TO PARTIES.	-		_		
May	257.50	262.00	261.0	00 259	.00			L Chonne						
	er: Raw !		9) lots	of 50	lonnes.	SUTAB				Coins	\$ pric	8	Marviupe 2	mi
	681 (4237						Close	Previous	High/Low	Mapleleat	404-40		220-233	
	While (FF					140	164.50	165.00	164.50	Britannie	404-40		230-233	
1/30, A	ug 1736, (VCZ 1000,	nec 10	DO, MI	EF 1505	Арг	187.50	165.50	167.50	US Eagle	404-40		230-233	
						Jun	160.G0	158.50	160.50 160.00	Angel	404-40		230-233	
LONDO	NETAL	DICHAM	GE TRA		PTIQUE	Turnove	er 161 /90	20) lots of 20	tennes.	 Krugemand New Sov. 	391-39 921 ₄ -9		223-225 52-k-53-b	
Afuenini	um (99.7%	6)	Calis		Puts		194		44 mileten	Old Sov.	924-6		25 f -23 p	
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as prices fell over 8 cents. Some crush spreading was noted in the soy complex firming up the bean oil. The meat markets were firm on Ring turnover 10,700 tonne expectations of upcoming cold weather. Orange juice futures prices rose sharply on technical buying. The upcoming cold weather is not expected to reach the growing region. In the energy complex, prices advanced in all markets after buy stops sent prices New York GOLD 100 tray az.; \$/tray az. Close Previous High/Low SELVER 5,000 troy oz, cents/troy oz. Feb Mar Apr May Jul Sep Dec

IN THE METALS, a short covering rally OYABEANS 5,000 by min; cents/60th boshe 17.03 18.60 16.40 16.23 16.08 15.86 15.84 15.78 17.40 17.05 16.84 16.65 16.45 16.23 16.06 16.12 by local traders advanced the gold, 17.45 17.09 16.86 16.68 16.45 16.24 15.00 silver and platinum markets, reports Drexel Burnham Lambert. Light trade house buying was featured due to a falling dollar. Copper futures sank over 650 points as stop loss selling sent prices below support levels. The March HEATING OIL 42,000 US galle, cents/US galls cocca was the most active market as prices gained 38 on steady trade buying. Volume exceeded 8500 for the 5020 4765 4570 4460 4410 4530 ssion. Sugar prices tell 20 points in moderate volume, giving back some of Tuesdays gains. Coffee tutures slipped on new short selling. Most of the grain markets were softer in quiet trading. Wheat futures had the biggest decline Previous . High/Low 1510 1442 1405 1390 1380 132.11 125.54 126.62 125.03 121.90 119.90 118.40 10.28 10.23 10.12 10.07 9.62 9.90 9.85 59.85 60.32 60.20 59.20 58.94 1968.7 1975.9 1960.2 1736.4 30W JONES (Base: Dec. 31 1974 = 100) Spot 137.25 137.80 143.06 Futures 141.11 141.41 145.67



Beers r OFT niry

Equities meet expected profit-taking

in UK equities finally ran into fairly modest profit-taking yes terday, prompting the com-ment on all sides that this was, a long overdue correction". Although twelve FT-SE points down at the close, the market had earlier fought back into plus territory from an ini-

erate scale. It was a somewhat erratic suffered only a minor fall, session, with several blue chip while ICI and Glazo stood out stocks attracting special comment from market analysts as the City sought to assess the immediate outlook for equifies in the wake of the near 34 per cent gain in the FT-SE index

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The Dealer Jan 16	Jen Jen	30	Feb 13
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selling pressure was on a mod. since the end of December. BP erate scale. strongly among the interna- A weak start in the US mar-tionals, substantial gains in kets sent London downwards these two blue chip market leaders helped to limit the set-back in major market indices. Equities opened quietly but 815.9m shares, against 895.6m

were quickly depressed by renewed hints of financial strains suffered by a major securities firm during the squeeze on market positions during the past month. In the absence of any bearish developments, equities staged a good recovery shead of Wall Street's opening, and the Footsie was 1.4 points ahead as London waited to see if New York could extend the recovery achieved towards the close of

its previous session. However, internal statistics at one major firm indicate that sellers have been outweighing again, and by the close the FT-SE Index was a net 12.1 down at 2039.7. Seaq volume of buyers for the past three days, thus opening the way for the predicted correction in share prices. Against this backcloth,

points was regarded as insig-nificant. "The institutions would like to see the market down by 50 Footsie points", commented a specialist at a leading US house.

LONDON STOCK EXCHANGE

on the previous day, remained high by comparison with all

but the most active sessions of

Despite the downard trend in the second half of the session,

the market was alive with spe-

cial situations, often of a spec-

ulative nature. The past trad-

ing week has seen a return to

the market of the UK private

investor, as well as a struggle

by UK funds to put cash into

the past fortnight.

There was little reaction ye terday in shares of British Steel, Rolls-Royce and Marks & Spencer, which were among the best performers in January. There was a further upswing in Eurotunnel units both before and after a very favourable report on construction progress from the British side of the operation. Traders commented that once again it was French investors who were active buyers of the units.

FINANCIAL TIMES STOCK INDICES 30 Low High Low 68.45 88.43 1538.9 1949 (1 Gold Mines 312.5 160.7 734.7 43.5 (7/1/88) (3/1/89) (15/2/83) (26/10/71) Ord. Di, Yield Earning Yid %(full) P/E Retio(Net)(\$\times) SEAQ Bargains(5pm 46,853 1948.93 49,963 50,982 2229.66 Gilt Edged Bargains 107.9 120.4 Equity Value 4499.9 118.7 Gilt Edged Bargains 328.7 DAY'S HIGH 1677.2 DAY'S LOW 1659.2

Sights lowered on BP

BP, hard on the heels of shareholder approval for the buy-back and cancellation of the near 12 per cent stake held by the KIO, were among the off market's weaker performers. Both classes of BP stock were hit by profits downgradings by at least two major broking firms, and some analysts warned that the reduction from 4 per cent to 3.5 per cent in BP's weighting in the FT-SE index could trigger selling of the shares by some index tracking funds.

BP "old" shares were finally 3 lower at 278%p, on turnover of 14m and the "new" 2% caster at 174p on 12m Shearson Lehman Hutton and Smith New Court were said to have downgraded profit forecasts on a replacement cost basis from around £1.2bn for 1989 to £1.12bn with share earnings predictions down to 20.5p.s. share from 21.8p. It was suggested that many of the US houses will quickly follow the example set in London. The downgradings, according to the market, followed on the heels otan underestimation of Petroleum Revenue Tax for the Mag nus Field.

Ultramar action

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Market on the control of

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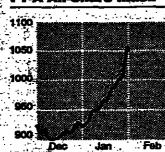
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Ultramar remained in the news as the company announced it is to redeem well

209 to on turnover of 6.5m with buying fuelled by continu-ing speculation that a bid for the company is not far away; with the 14 per cent stake held. by Sir Ron Bristley said to be "up for grabs". The two Cana-dian companies Noverco and Unigesco, in concert with Bais que Paribas, hold a 4.3 per cent stake, while Premier Consell-dated has a 2 per cent holding.

Earlier in the week Ultra-mer's board said the Canadian companies were known to have been canvassing possible participants to take part in an eventual break up of the UK company. London analysts continued to believe that another potential bidder is waiting on the aidelines to make an

assault on the company. The early redemption of the convertible stock was not viewed as signalling any major change of strategy; analysts said the move was in line with the company's policy of reduc-ing interest charges.



Racal in demand

The electronics market burst into life after the recent period of relative inactivity with Racal Electronic shares heavily bought after "buy" recommendations for at least two top brokers and stories of possible stake building by Cable & Wireless as a prelude to a full bid. Recal Electronic fumped some 346p on the rumours before retreating to close a net 13 up at 344p. Turnover topped 14m shares. The "buy" notes came from James Capel and UBS Phillips and

Cable & Wireless issued a "no comment" on the stories which dealers tended to shrug saide. "Cables bought and sold a 28 per cent stake in Racal which triggered the Racal Tele-coms (Vodafone) sell-off - they would look prefty silly doing the same thing now, com-mented one trader Racal Telecoms mirrored the jump in Racal Electronics, with the shares finally 11 higher at 265p on 8.4m. C & W shares were hit by the mariet rumours, closing unchanged at 427p, after 437p, on turnover of 8.4m.

before time the 6 per cent convertible stock dated 2002 at 105 per cent. The short is comparable at 224p a share, and proper the short is comparable at 224p a share, and proper time the short is convertible at 224p a share, and proper time the chip sector, came from Glavo. which extended its recent gains with a further substan-tial rise as London responded to reports of adverse developnts in Tokyo regarding Gas ter, the Japanese rival to Zan-tac. Glaxo's highly successful anti-uicer drug.

Following a review of the possible side effects of Gastar, made by Yamanouchi and also sold in the US by Merck as

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BETTAN HIGHE (7) Trees, 7po H 2008, Do. 2 ppc H 2009, Do. 2 ppc H 2011, Do. 2 ppc H 2015, Do. 2 ppc H 2015, Do. 2 ppc H 2015, Do. 2 ppc H 2016, Do. 2 ppc H

Totopidos, Ventura Plant, CHEMICALS, P. Fossop, Haistand, LJ., ATM, STORES, Gentors Ord., Duniell Hidge, LISCTINGALS, (3) Blick, Eurotherm lott, El, WILLINGERSHIG, (8) SM Grp., Conceveria, secother Stores, Fairey, Pansonnes Sima, yzaok, Vicessile, Vesper Thomycroft, P6006, D. Bassest Foods, Boother, CHEGOT "A", lordison (Wn.), Sutherland, U.d., Siscusta rva. 31, MICHISTINALS (20) AGA AB, AMF seells, Berry Wohnster, Caparo Jode, Caparo Jode,

NEW HIGHS AND LOWS FOR 1988/89

APPOINTMENTS

Equity Shares Traded



Pepcid, it is said that the Japanese medical authorities want a new caution added to the drug's label. Although there was some doubt over the significance of the move, the market took it as good news for Glazo, which jumped 24 to 1228p on hefty turnover of 5m

Nomura Securities, the Japanese house, strongly recom-mended Glazo yesterday and was joined by Warburg Securities which said that Zantac could be a "substantial beneficiary" of the Gaster problems; however, they were counterbalanced by Fleming Securities which claimed: "This story has been overdone and we recom-

brisk trading as the shares broke through a dollar chart resistance level and investors noticed that they have under-performed during the January upturn in the equity sector. At Citicorp Scrimgeour Vickers, the chemicals team predicted that on February 23 ICI will unveil profits in the £1.45bn to £1.5bn range for 1988, and will show "further satisfactory growth" next year. At 1163p, the shares put on 20 yesterday, narrowing the 1 per cent rela-

tive underperformance to the market slace lanuary 1. Composites, showed only but there were plenty of whis-pers in the market of a big buyer for Royal Insurance; Australian group Adsteam have a 7 per cent stake in Royals and were said yesterday to have been back in buying the stock, while there were also vague stories that French group Victoire could have been picking up shares in the UK

lis Faber raced up to 265p-bid



weakness".

mend selling into strength".

ICI gained 20 to 1163p in

company. In the brokers, Wil-

Chieftair Grp., Doctus, Electrotor, Eurocopy, Eurotunnel Units, Do. Winte, Marting Inde., May May to Nickes, NAGC 71pp Ac Rd Pf, May to Nickes, NAGC 71pp Ac Rd Pf, May the Nickes, NAGC 71pp Ac Rd Pf, LEBUUR (19) MOTORS (1) Gen. Motors, NEWSPAPERS (2) Bienheire Entibles, Gardner (10) MOTORS (1) Gen. Motors, Natural Co.C.), PAPERS, (3) Chapman Inde., PKS, Farry Pick, Gold Greeniess, Sazachi 64, pc Pf 2003, PROPERTY (3) Chestarified, Exess of Leeds, Town Centra, ShiPPING (1) Tiphock, TELCTLES (1) Parts, TSUSTS (26) PLANTATIONS (1) Lendu Pidge., MINES (3) Mesicathern, Bood Intl. Gold, RTZ.

(2) Meelestherm, Sood Ird. Gold, FTZ.
MEW LOSS (11).
STORES (1) Hogg Robinson, SEDUSTRIALS
(2) Barson Grp., DSC, Rural Planning,
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Ketson, NewES (4) Durben Deep, ERGO,
Grootriel, Verstrapost, THED MARKET
(1) Settemand Starting

Mr Robin Bloor, Mr Peter Cole and Ms Jasmine Dalal as

Mr Rex Sinden has become

managing director of GT VENTURE MANAGEMENT

with specific responsibility

activities. He was managing

director of Legal and General

■ Mr Frank Short has joined

managing director. He comes from the leisure wear division

of Lawtex in the Republic of

executive. He succeeds Mr Tom

has made Mr Derek Moore its

sales director. He was sales

Ireland, where he was chief

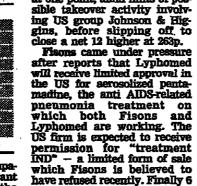
Harmer, who becomes a

non-executive director.

F.W. HARMER & CO as

associate directors.

for UK and European



which Fisons is believed to have refused recently. Finally 6 down at 268p, Fisons closed above the worst as Peter Woods of Warburg Securities, discounting the significance of the Lyphomed reports, told cli-ents to "buy Fisons stock on

Beecham rallied from early weakness to close 3 firmer at 546p but most of the other internationals slipped lower with the market trend. BAT Industries fell 6 to 548p. An exception, however, was Sastchi & Sastchi, which held steady at 393p with turnover of 2.3m shares indicating continued US interest in the stock. Two major trades in Taylor Woodrow on the SEAQ ticker, one of 7.3m shares atr 581p and another of 7m at 570p were interpreted by the market as representing the sale of either of the two near-5 per cent holdings taken on by Hoare Govett and Hambros, the merchant bank, last week. Talk in the marlet suggested it was more likely that the Hoare stake had moved on, possibly to an insti-tutional client of the securities house. Taylor shares closed 4

cheaper at 585p. High street retailing and distribution group W H Smith has justified the recent strength in its share price by producing an impressive set of first-half figures. The 38 per cent jump in profits to £41.6m pleased a mar-ket expecting £30m to £34m, and the "A" shares moved sharply higher against the trend to close up 8 at 290p. Mr John Smith, stores analyst at UBS Phillips & Drew (P&D), described the results as

"outstanding" and said: "I was particularly impressed with the sales trend and margin improvement in the main chain. In fact over the period from last May to November W H Smith was the fastest growing retailer in the UK." He has upgraded his full-year forecast to £83m (excluding property profits), which compares with the £85m of County NatWest and Swiss Bank Stockbroking. Storehouse featured with a 71/2-point rise to 1961/2p on turnover of 4m shares. There was renewed talk that US arbitrageur Mr Asher Edelman may have added to or indeed sold his stake in the UK retail group, but a more likely expla-nation for the rise was aggres-

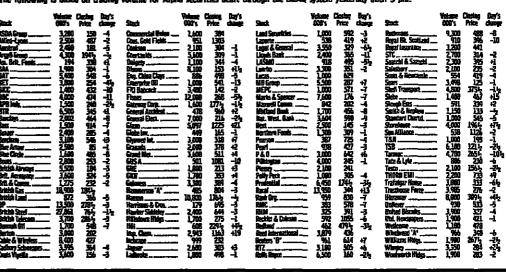
sive selling of Storehouse puts on the traded options market by broking house Hoare Gov-ett, and also some short-cover-

ing by marketmakers. Marks and Spencer were actively traded, falling 7 to 176p as 7.6m shares changed hands. Dealers said that there was nothing specific behind the drop, although a "sell" note from Citicorp Scrimgeour Vickers may have been partly to blame. Mr John Williams of Citicorp explained that because M&S has outperformed a weak sector this year by joining in with with the strong market rally, it is now due a corrective on purely technical grounds.

Continuing doubts about a possible bid emerging for Century Oils left the shares a further 6 lower at 195p, for a two day fall of 18.

Second-liners continued to attract buyers, with John Men-zies pulled 9 higher to 334p in the wake of the strong figures from W H Smith. Body Shop again found favour, adding 9 at 562p, while seller of antiques and objets d'art, Mallett, advanced 13 to 151p on news that Sears (a shade easier at 125p) had sold its 26 per cent stake to House of Fraser store Harrods for over £5m.

GEC ran into profit-taking and closed 2% cheaper at 216p on turnover of 216p despite a "buy" note on the stock issued by Martin Mabbutt at Nomura Research. British Telecom gave up a like amount to 286½p on turnover of 8.7m -"tracking FT-SE" said one dealer. Ferranti dipped back to 98%p early in the day with the stock upset again by the batch of downgradings and the Kleinwort "sell" note, but later rel-



TRADING VOLUME IN MAJOR STOCKS

lied to close a fraction better on the day at 102p with two UK houses said to have been aggressive supporters of the shares. Switching from Rank Organisation (7 lower at 830p) to Thorn EMI boosted the latter 9 to 733a.

Besis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, #NII 10.83 †Excluding in

Among mixed Foods Ranks Hovis McDougall fell 3 to 394p accompanied by strong whispers that Australian group Goodman Fielder may have placed its stake in institutional hands. Activity in Gateway fell off sharply as the shares dropped 1% to 177%p on very light turnover by recent stan-

United Biscuits (UB) shed 4 at 327p as suggestions of a bid from Suchard faded rapidly. One analyst said that the mar-ket now thinks that if some sort of corporate activity is in

the pipeline at UB, it will probably be a bid for RJR Nabisco's European operations.

Speculation that BTR might launch a full bid for engineering group Meggitt Holdings from the platform of its 22 per cent stake saw shares in the latter climb 4 to 110p, after 112p. Informed observers, however, advised against attaching too much credence to the story, and suggested that the rise in the price yesterday was more a result of a strong "buy" note from Kitcat Aitken analyst, Mr Clive Forestier-Walker. "We now regard the shares as good value, and suggest that investors back this proven management team," said the

Kitcat man. BTR closed a penny firmer at 345p. Priest Marians rose 11 to 431p on the news that its bid

talks with oil-group-turnedproperty-developer Inoco (down 71/2 at 33p) had collapsed. Sheraton Securities added 2 at 75p in response to a £25m office disposal - however, one prominent dealer warned that a rights issue might be needed for "further development and to gear the

balance sheet correctly. British Petroleum stole most of the thunder on the traded options market, with 5,148 contracts handled, with heavy dealings on both the call and tract. Overall market turnover came to 47.595 contracts, and index business to 10.119.

■ Other market statistics including FT-Actuaries Share Index and London Traded Options, Page 23

BUSINESS LAW

Protecting invisible property

By A.H. Hermann, Legal Correspondent

the Old Bailey, probably means that she should not see in whose favour the scales tip. But the blindfolding is quite superfluous when there is nothing to be seen in the scales. Such seems to be the situation with the protection of intellectual property in semiconductor chips.

There is a reason to return to this obscure subject. Texas Instruments of Dallas have announced that their laboratories succeeded in producing the first transistor using the quantum properties of materials. The quantum properties are those which appear when matter is divided into very small numbers of atoms or molecules. Then, when some of these atoms receive an additional input of energy, materials behave in an extraordinary fashion. According to Dallas researchers, the swings of electrons from one quantum state to another can be used for switching electric currents

to perform a hundred times as many functions as current semiconductor chips. The time may come when a single chip will be enough to animate a supercomputer.
This may take another 10

years to achieve, but it will produce an immediate worldwide interest in the possibility of copying or reproducing the achievements of the Dallas laboratory. Ideas, concepts and logical processes used in new inventions, designs - similar to those in literary, or artistic work - cannot be made the subject of intellectual property. But what if you take a device apart to be able to follow its design and construction stepby-step? This is frowned upon in other departments of intellectual property law, but has been accepted as good, or at least excusable, manners for those playing with semicon-

that it is not an infringement

he blindfolding of Justice, as represented by the statue crowning to make a three dimensional reproduction of topography in the course of making a semireproduction of topography in the course of making a semiconductor product. It provides that it is no infringement of the intellectual property right created by this regulation to use "reverse engineering".

the results of such conduct in an original mask work which

bricks the concepts and techniques ascertained by taking the work of someone else to pieces, may still be "original" as required by s.906. But whether a particular product is or is not "original" is a knife-edge question.
One should not be surprised

when, confronted with such mysterious, and invisible, matters as topography of quantum semiconductor chips, the patent or copyright judge decides that a new product obtained by reverse engineering which looks the same and functions the same, is a copy and therefore, an infringement. Legislation which produces such an uncertain effect is probably not of much use. Any disputes could be resolved as well, or as badly, without it. There are many examples of superfluous legislation on the statute book, but in this partic-

enact the necessary legislation by November 7 1987. The British Government caught the bus at the last minute.

Remarkably, not even the EC Commission – which so often appears as the villain of the piece in this column - can be blamed for inventing this fourth type of intellectual prop-erty protection for semiconductor chips, the first three being

patents, trade marks, and copy-

The EC and UK legislation has been made necessary by US developments. In the early 1980s, the US industry felt beleaguered by the Japanese and other Far Eastern electronic industries. They feared they were losing significant amounts through chip piracy and sought better protection. However, according to a widely accepted view, US copyright law protected only the two-dimensional drawing of a chip and not the chip itself. The US Copyright Office refused to register chip designs, hence the need for leg-islation.

A section of US industry wanted to have the defence of reverse engineering included in the proposed amendment of the Copyright Act. However, software producers feared that this would make the reverse engineering defence applicable also to the copyright protection of software and this made it necessary to provide a special act for semiconductor chips. A separate act also made it

easier to exclude automatic protection for semiconductor chip designs owned by nationals of all countries which adhere to the Berne Copyright Convention. The 1984 Act provided protection only to chip design owners who are US nationals or domiciled in the US at the time when the mask work is registered in the US or first exploited anywhere in the world. Foreign mask work can be protected only if first commercially exploited in the US, or if their owner is a national of, or domiciled in, a country in respect of which the US President issued a proclamation providing such protection.

There is yet another, somewhat wider, gate through which a foreign owner can obtain protection for his mask works in the US. Section 914 of the Act, included as a result of pressure by the Japanese Government, gives the Secretary of Commerce power to extend interim protection to foreign nations that made "good faith efforts and reasonable progress" towards enacting domestic legislation protecting chips

of US origin.

This reciprocity clause makes it clear why the EC had to adopt a directive following more or less the pattern of US legislation, and why the UK would have had to introduce similar legislation even if it were not obliged to do so by the EC directive. The existence of the EC directive enabled the UK Government to rush the measure through Parliament in the form of a regulation made under the Act of Accession, 1972.

The reciprocity rights that can be obtained under the US statute to reproduce, import, or distribute semiconductor chips can be obtained only if the product is registered within two years of its first commercial exploitation.

Had the US provided protec-tion for semiconductor chips under the copyright law, this would mean that foreign nationals and residents could make use of it even if their countries did not provide similar protection for US owners of similar products. The reciprocity condition built into the 1984 Act was much criticised for reducing the internationally framed copyright law to bilateralism. But it had the desired effect the enactment of sepa-rate semiconductor chip protection in EC countries was seen in the US as an additional benefit to achieving their primary objective, which was protection of US products in Japan. Shortly after the 1984 US Act was passed, the Japanese Government introduced a bill satisfying its s.914. The Japanese bill has now also become law.

Some people regret the intro-duction of the defence of reverse engineering, which would not be possible under copyright law. They say that it conduces replace if it has a condones robbery if it has a certain ingredient of ingenuity. As to the bilateralism, abandoning the international approach to intellectual property, one has to point out that the UK Copyright, Designs, and Patents Act introduced similar reciprocity conditions for designs.

Will such special and bilateral protection also be claimed by other industries in the future? This may well happen the present drift to protectionism continues. Only a higher level of international protection could stop such regrettable development.

Senior posts

at Lloyds Bank ■ LLOYDS BANK has

appointed four general managers to head the operating units within its recently formed corporate banking and treasury area. Mr Martin Crattenden

general manager, capital markets division including capital markets group and Lloyds Bank's share registration operations. Mr Brian Miles, general manager, treasury division,

with specific responsibility for dealing and trading in exchange and markets. Mr Sydney Shore, general manager, corporate banking division, covering major corporate relationships and the activities of Lloyds ::;

Mr. Keith Stanger, general manager, support services, with responsibilities including treasury back office operations, personnel, premises, information technology and financial control.

FIL FLUID SEALS has appointed Mr Tony Snowdon its sales director. He was technical sales manager.

■ WESTINGHOUSE AIRSHIP INDUSTRIES, the joint wenture between Westinghouse Electric" @ CHASE DE VERE INVESTMENTS has appointed Corporation and Airship



BANK OF SCOTLAND has appointed Mr Robert J.J. Wickham (above) deputy gen-eral manager based in its Loudon chief office in Threadneedle Street. The view to him taking over from Mr Andrew Davidson, general manager, who is due to retire in the autumn.

Industries, has appointed Mr George A Spyron as vice president, marketing. Mr Spyrou is a director and executive vice president of Airship Industries (USA) Inc as well as general manager (the Americas) of Airship industries (UK).

appointed Mr E. Judson Brandrith Jr. as vice president sales (the Americas). He joins from Ziehra International.

Airship Industries (UK) has

Mr Kunio Nomura has been made managing director of BRIDGESTONE TYRE UK. He was previously manager of the Oceania department with Bridgestone in Tokyo. SABROE (UK), the Redditch-based refrigeration and compression specialist,

and technical manager. ■ Mr Allan Westbury has been appointed deputy managing director of S. & P. COIL PRODUCTS, the Halma Group environmental control subsidiary specialising in heating products.

Mr Brian Richardson has become managing director of SHEPHERD CONSTRUCTION and Mr Bernard Mitchinson has been appointed deputy managing director.

■ Mr Philip Lovegrove has joined the board of ROYAL TRUST BANK as a non-executive director. He is a director of Grahams Rintoul & Co. Mr Neil Millward, formerly administration director at Royal Trust Asset Management, has become a senior associate director,

Mr Manfred Falkenmeier has joined BHF-BANK, London, as general mana He was previously head of the trade finance department in the bank's Frankfurt head office.

■ Mr Ron Grantham has joined A. MONK BUILDING AND CIVIL ENGINEERING as marketing director. He will be an associate director. Mr Chris Duffy has become

sales and marketing director

of CAPE UNI-CEM, the fibre

cement division of the Cape Building Products Group. JEYES GROUP has appointed Mr Ken Minton, chief executive and managing director of Laporte (Holdings), as a non-executive director. Mr Norman Usher has been

appointed marketing director. He joined Jeyes from Proctor

& Gamble.

At RUTLAND TRUST Mr R.D. Headlam, Mr B.S. Briggs and Mr G.A. Loughney have joined the board. Mr W.G. Best has retired from the board of Rutland Trust and as chairman of Ellis & Buckle.

much faster than present Dr George Heilmeier, the company's chief technical offi-cer, believes that chips using the quantum effect will be able

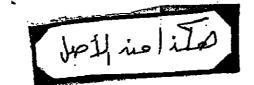
This new approach was adopted in the US in 1984. The UK Semiconductor Products (Protection of Topography) Regulations, which came into force on November 7 1987, amend Section 35 of the 1956 Copyright Act to make it clear

How anyone can take apart something that is invisible except perhaps by using devices such as electron microscopes, is beyond my imagina-tion. But it is obviously a highly practical and useful process because one section of the US semiconductor industry insisted on it being allowed in the US Semiconductor Chip Protection Act of 1984. This provides that it is not an infringement "to reproduce the mask work (called topography in Europe) solely for the purpose of teaching analysis or evaluating the concepts or techniques embodied in the mask work or circuitry, logic flow or organisation of compo-nents used in the mask work. And further, that it is not an infringement "to incorporate

is made to be distributed." One can accept that a new product using as building

ular case, neither Parliament nor Government can really be blamed. By laying the regulation before Parliament, the Government was only implementing an EC directive of adopted in December 1986. requiring member states to

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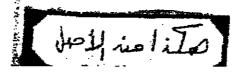
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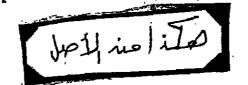
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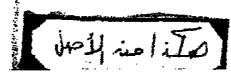
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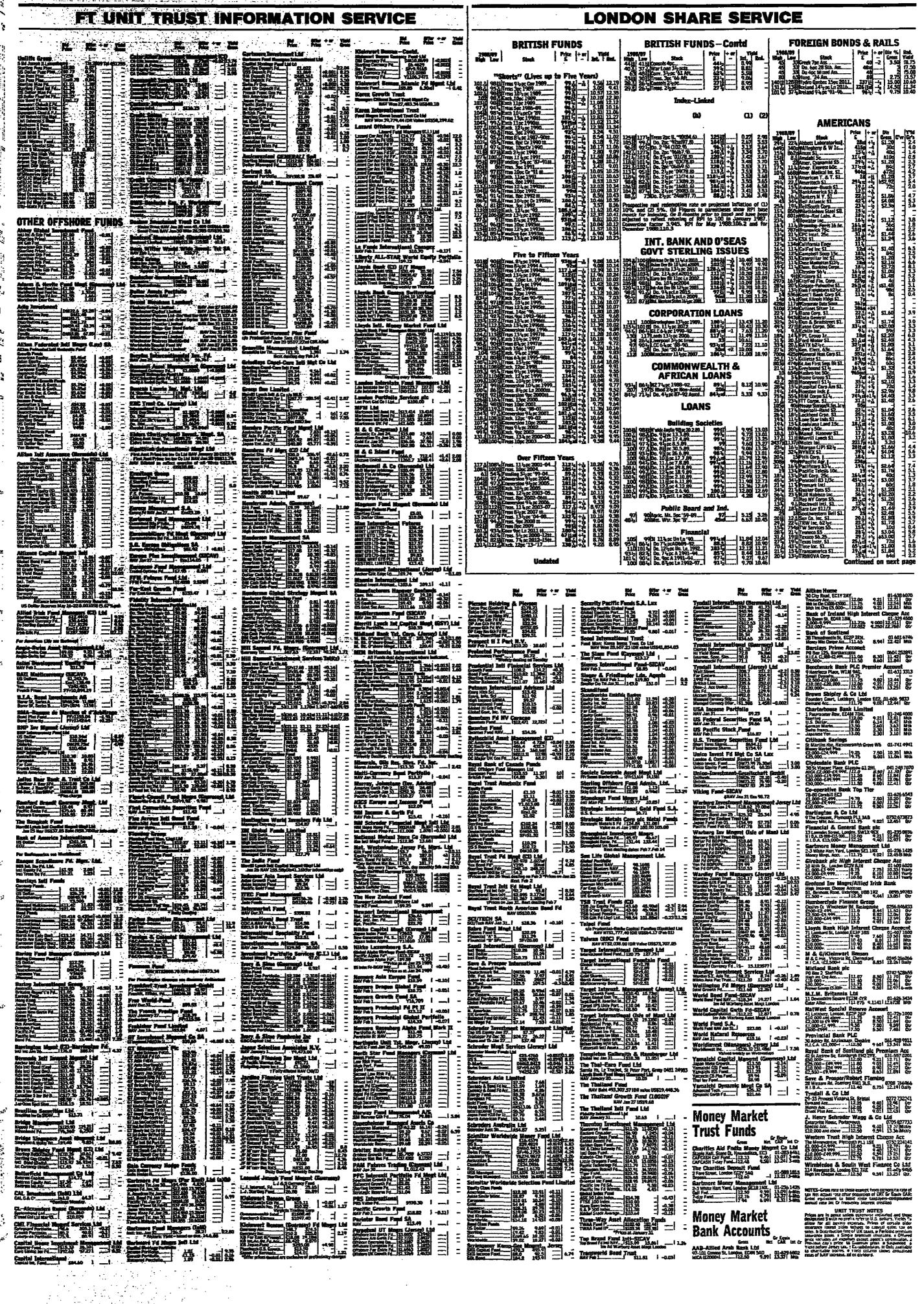
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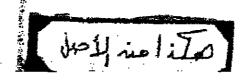




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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar's momentum checked

THE DOLLAR'S upward momentum was checked yesterday as dealers hesitated to push the currency through resistance levels of DM1.8800 and Y130.70. It finished weaker against European currencies and the yen, mainly on profit taking, but also reflecting a recent rise in West German

interest rates. Comments made on Tuesday by Mr Alan Greenspan, Federal Reserve Board chairman, before a US congressional com-mittee, pushed the dollar to its best levels overnight in New York and in the Far East. His suggestions that interest rates should remain high to fight inflation, and that the the US trade deficit can be cut at existing exchange rates, encouraged dollar buying. Caution began to set in

before Tokyo closed however, with traders regarding Y130.70 as an attractive level to take profits. This trend continued in Europe, where the dollar was soon pushed below Y130.00 and DM1.8700.

Commercial demand for the dollar appeared to fade, and long dollar positions were unwound, as dealers took the view that this was a wise time to take profits, before finance ministers from the Group of Seven begin their meeting in Washington.

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12 months	4.29-4	1,21.pm	4.15-4.00pm by to the US dollar
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OTHER CURRENCIES				
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Sellies				

MONEY MARKETS

The split tender saw a total of DM36.5bn of liquidity allo-cated to commercial banks,

UK clearing brisk base leading rate 13 per cent from November 25

more than compensating for two maturing facilities which drained DM29.2bn. Allocations of DM24.4bn for

the 28-day agreement ranged between 5.5 per cent and 6.1 per cent, while the longer dated 63-day facility was allot-ted at between 5.65 per cent

and 5.90 per cent.
While the net injection of funds reduced the cost of short dated money, the rise in the minimum accepted bid is regarded as an indication of the authorities' determination.

the authorities' determination to provide underlying support for the D-Mark. However, there was little expectation of a change in key lending rates at

the meeting today of the Bund-esbank's central council.

In the London money mar-

German rates up

REPURCHASE RATES rose sharply yesterday at the latest sale and repurchase tender held by the West German Bundesbank. The top accepted rate of 6.1 per cent was above the Lombard rate of 6 per cent, and is seen as providing the authorities with an excuse to push key lending rates firmer, should the US dollar continue to rise.

ket, the Bank of England forecast a flat position for the day, which came as something of a surprise. Most traders were expecting a shortage, since liquidity levels are usually depleted at this time of year by corporate tax payments. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with

depleted at this time of year by corporate tax payments. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £556m. A rise in the note circulation accounted for a further £110m drained from

a further £110m drained from the system, and banks brought forward balances £100m below target. These were offset by Exchequer transactions which added £750m.

The forecast was revised to a

shortage of around £250m, and the Bank gave assistance in the morning of £34m through outright purchases of £56m of eligible bank bills in band 2 and £28m in band 4, all at unchanged rates.

archanged rates.

A further revision took the forecast to a shortage of around £200m, and the Bank gave additional assistance in the afternoon of £92m through outright purchases of eligible bank bills in band 1 at unchanged rates.

unchanged rates.
The key three-month inter-

bank rate was unchanged at 13% 12% per cent. Overnight

interbank money touched a

high of 12% per cent but slipped away to finish nearer

10 per cent.

underlying sentiment however, with the market still believing the short term prospects for the dollar are good, because of high New York interest rates. Yesterday's figures on Decem-ber leading indicators did nothing to change this view. A rise of 0.6 per cent was within the range of most estimates, while tomorrow's US employment figures for January are expected to show continued strong growth in the economy.

Forecasts for the rise in non-farm payrolls are generally in the region of 250,000, but range up to 300,000, compared with 279,000 in November.

Central banks were not seen on the open market yesterday, but the West German Bundesbank continued to hover in the

background, buying \$14.5m at the Frankfurt fixing.

At the London close the dol-lar fell to DM1.8625 from DM1.8785; to Y129.60 from Y130.50; to SFr1.5835 from SFr1.6600; and to FFr6.3450

from FFr6.3850. On Bank of England figures the dollar's exchange rate index was unchanged at 67.6.

Sterling rallied to close above the day's lows, after falling on a large selling order against the D-Mark out of Europe. It touched a low of DM3.2600, and at about the same time - 11 am - the pounds exchange rate index slummed exchange rate index slumped to the day's low of 97.7. There were no special factors

influencing the pound how-ever, and it tended to move in tine with the dollar, closing weaker overall, with the exchange rate index down 0.2 at 98.0.

Sterling but fell to DM3.2875 from DM3.2875; to Y227.25 from Y228.50; to SFr2.7775 from SFr2.8000; and to FFr11.1325 from FFT11.1775, but rose 40

pomra en dr. 1020-	
January monthly average	e
against the dollar were: ste	
ling 1.7735; D-Mark 1.836	
Japanese yen 127,38; an	
	3
Swiss franc 1.5625.	

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DOLLAR SPOT- FORWARD AGAINST THE DOLLAR Feb.1 Spring Good One month 1,40-1,1750 1,750-1,1750 1,750-1,1750 1,50	Switzerland .	2774 - 2794	2774 - 2784	14-17-000	쌼	3/4-33490 54-5490	7,47
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Long term Europhilans: two years 93, 93, per cent; three years 93, 93, per cent; four years 93, 93, per cent; three years 193, 93, per cent nominal. Short-term rates are call for US Dollans and Japanese Yea; others, two days three Lorresteen for Jan. 31, Sw. Franc. Stort: term 5-2-5-4; 7 Days. 5-2-5-; Dee month. 5-4-5-5; Three Lorresteen for Jan. 31, Sw. Franc. Stort: term 5-2-5-4; 7 Days. 5-2-5-5; Dee month. 5-4-5-5; Three										
EXCHANGE CROSS RATES										
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FINANCIAL FUTURES

Sterling prices recover

SHORT STERLING futures for March delivery fell below a key support level of 87.28 in Liffe trading yesterday, but recovered from the day's lows after sterling moved up from an early set back to finish unchanged on the day.

The March price opened at 87.32 - little changed from the close on Tuesday of 87.31 - and fell to a low of 87.23 before recovering to finish at 87.28,

recovering to finish at 87.28, Calls 4 Mar 325

19 241

131

JFFE £/5 OFTENES 25,000 (costs per £3)

LONDON (LIFFE)

Estimated volume total, Calls O Pots O Previous day's open Int. Calls 162 Pats 3750

-5

57

narrow movement on the day reflected a note of caution ahead of the Group of Seven

Long dated gilt futures showed little change on the day, finishing at 97-13 for

March delivery against 97-11 at the opening and 97-12 on Tues-

day.

US Treasury bond futures edged cautiously firmer despite the dollar's weaker tone. The

Government bund future recorded a record volume of around 15,843 lots traded, beating the previous record established on Tuesday.

7.20 3.25 0.75 0.20 0.25

12.500 (carb per 52) Pitch 1,05 1,05 2,30 6,20 8,49 15,60 20,49 Jun 12:50 8:60 5:50 3:20 1:90 2:29 0:60 16.20 13.25 1.30 1.30 1.30 1.30 130 130 425 125 11.35 4.20 2.45 0.30

孍

104 90.44 90.46 90.44 90.47 90.47 90.47 90.45

meeting staring later today. Traders are also unwilling to take out fresh positions until the release of details on the US Treasury quarterly refunding package, due after the close of business in London.

Elsewhere, the West German

Apr 2.82 1.95 1.24 0.74 0.40 0.19 387 288 211 105 0.70 0.74 0.24 Feb 110 275 494 735 982 1230 1481 1-mb 3-mb 6-mb 12-mb 1-796 1799 17207 17135 Close High Low Pres. 97-13 97-15 97-97 97-12 98-11 98-06 98-08 98-10 CHICAGO Estimated Volume 12819 (17470) Previous day's open lat. 33255 (32019)

89 89 89 89 A

91.59 91.64 91.65 91.67 91.67

EUROPEAN OPTIONS EXCHANGE

Apr 3,77 530 7,97 9,94 11,17 13,42

High | 100 94-29 94-29

Estimated Volume 432 4602) Previous day's open lat. 708 46701

87.13 88.12 88.64 88.93 87.23 88.03 88.55 88.91 · - digital

19ga Low 208.20 205.60 211.80 209.50 Pres. 90.45 90.42 90.44 90.34 Close High Low 90.47 90.47 90.43 90.43 90.44 90.51 90.46 90.45 90.44 90.76 90.76 90.74 Est. Vol. (Inc. figs. not shown) 6834 (5959) Previous day's poem lat. 47117 (46907)

High Live Pres. 91-00 90-20 90-26 90-18

High Let 94.52 94.30 93.85 95.77

6 months US Dollars

FT LONDON INTERBANK FIXING (11.00 a.m. Feb.1) 3 months US dollars

The fixing rates are the arithmetic means rounded to the sequest one-statement, of the bid and offered rates for \$10m quoted by the market to five reference basis at 11.00 a.m. quot working day. The basis are Basisonal Westucheser Basis, Basis of Tolyo, Deutsche Basis, Basison Matiental de Paris and Morgan Gastanty Treat.

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LONDON MONEY RATES						
Feb.1	Overnight	7 days notice	One Mosth	Three Months	Six Months	One Year
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Bank Bills (Buy) Tipe Trade Bills (Buy) Solar CDs SDR Linked Dep Offer SDR Linked Dep Bid		:	9.18-9.13 9.18-9.13 7/18	1214 133 9.30-9.25	11 19 12 2 9.45-9.40	184.
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1989. Agreed rates for period February 26,1989 to March 25, 1989, Scheme 1: 13,93 p.c., Scheme 1: 13,191 p.c. (Reference rate for period December 31 to January 31, 1989, Scheme 19&1; 13,171 p.c. (Local Authority and Finance Houses sevel days' notice, others seren days' fixed. Finance Houses Base Rate 13½ from February 1, 1989; Bank Deposit Rates for stors at seven days notice of the record, Certificates of Tax Deposit Scriet 61; Deposit 5100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-5h months 11 per cent; sk-nine months 11 per cent; and the months 11 per cent; and the first first form December 1,1988; Deposits withdrawn for cash 5 per cent.

100 15 100 0.40 11 2.50 4 2.50 1 3.50 1 3.50 6 3.750 8 2.40 1 2.50 1 2.60 1 2.50 1 1.50 0.150 16.50 2.40 2.40 1.20 2.10 7.50 6.90 2.60 2.50 185 5 155 50 18 15 BASE LENDING RATES

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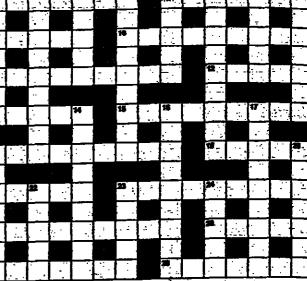
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CROSSWORD

No.6,850 Set by DINMUIZ....



5 Crabs odd pace, all over the place (7)
9 Money from Ecuador used as bribe in France? (5)
10 One of those dishes sometimes preferred to sultanas?

11 Letter opener (9)
12 City of the Dutch bread-rolls 13 Common old money one charges in Africa (5) 15 Danger set, perhaps, set odds (9)

18 Good news for offmen fully equipped (4-5)

19 Draws close attention between card-players (5)

21 I call about the bloomer (5)

23 But it does not have a cube

root! (5-4) 25 Piano-piece performed without care (9)
26 Scrap is natural among carworkers....(5)
27one of whom makes
second petition (7)
28 Scrambled, like canon in

final (7) DOWN 1 Pain de Paris, possibly (7)
2 Punishment for named persons, presumably? (4-5)
3 Address, say, of Liverpool

airport (5) Material for union kept

5 Famous sailor in disember-kation with no ambition it turns out (5)

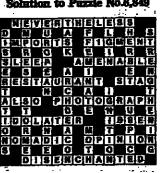
6 Chap on foot (9)
7 Hart feelings, not finishing card-game (5)
8 Old fagy to peg out? Tought (3-4) 14 With regard to smell, look

hack over plant (9)

16 Get a guide prepared the sort Canute should have used (4-5)

17 The last place Gray raved about (9) 18 Bill's jitters? (7) 20 Relaxed, having paid up (7) 22 One going in gallop, errati-

cally (5)
23 Outstanding police officer (5) 24 Old instrument Esau's mother used, mostly (5)



JOTTER PAD

1050 **BROADCASTING**

20-21 February, 1989 Hotel Inter Continental, London

Speakers include:

Mr Timothy Renton, MP Minister of State, Home Office

Mr Elco Brinkman Minister of Welfare, Health & Cultural Affairs, Netherlands

Ms Christine Ockrent

Dr Burkhard Nowotny Bundesverband Kabel und Satellit eV

Mr Michael Grade Channel Four Television

Mr Leslie Hill Central Independent Television pic

Dr Pierre Meyrat Société Européenne des Satellites

Mr Jim Styles Sky Television PLC

Mr Mark Booth Maxwell Entertainment Group

Mr Adam Singer United Programming

Mr James Lee The Boston Consulting Group Limited

Mr Robert W Ross CNN International Sales Limited



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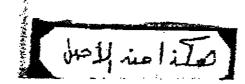
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YORK STOCK EXCHANGE COMPOSITE PRICES

3pm prices February 1

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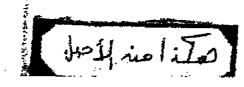
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Harris **AMEX COMPOSITE PRICES** Spm prices February 1 ### Stand Dist. | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | Stack | Div.E | 165m | Maste | Low | Closes | Change | Indighty | 60m | 137 | 25m | 25m | 25m | 25m | 15m

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Wait for economic news halts Dow's six-day climb

Wali Street

JANUARY'S rally showed signs of faltering again yester-day as February began but, considering the sparkling run-up to this month, selling pressure was only modest, writes Janet Bush in New York. At 2 pm, the Dow Jones Industrial Average stood 8.39 points lower at 2,333.93 in heavy volume of 145m shares. Very significant institutional

activity was reported.

In the later stages of this current raily, the Dow has often dipped into negative territory but then rebounded strongly. In the six sessions before vesterday, the Dow had risen on each day - the longest winning streak for nine months. In those six sessions, the blue chip index added a substantial 123.93 points. Figures provided by Shear-son Lehman Hutton show

healthy percentage gains in all the key stock indices last month. The largest gain was in the Dow Jones Transportation Index, which rose 10.5 per cent during the month. Next was the DJIA, which added 8.0 per cent, but even the much more broadly-based Standard & Poor's Composite Index rose 7.1

Exchange rose 5.6 per cent and the NASDAQ Composite index on the over-the-counter market gained 4.9 per cent.

Mr Newton Zinder, Shear-son's technical analyst, noted that the Dow Jones Transportion Average is now only 30 points below its pre-crash high of 1,101.16 on August 14, 1987.
The mood in all financial markets turned more cautious yesterday as traders neutral-

ised positions before tomorrow's unemployment report for January and for the Group of Seven meeting in Washington where officials assemble later

Caution before these events diminished any impact from yesterday's release of Decem-ber US leading indicators which rose 0.6 per cent, marginally above forecasts for a 0.5 per cent rise.

Although this pointed to continued robust growth, the dollar did not derive benefit as dealers took profits. Weakness in the dollar fed through to US bonds, which fell modestly.

Computer companies were in favour with Compaq and Digital Equipment among the most actively traded stocks on the New York Stock Exchange. Compaq gained \$1% to \$71% after it announced fourth quarter net earnings of \$2.18, The Amex Market Value including a 14 cents tax bene-Index of the American Stock fit, compared with \$1.25 a year

West Point-Pepperell jumped \$2% to \$52% on news that investor Mr William Farley had raised his takeover bid by \$4 a share to \$52 a share. Merck fell \$1 to \$64% on

reports that the Japanese Min-istry of Health had issued a health warning about the ulcer drug, Gaasta, which Merck markets in the US under the Ryder System, the equip-ment leasing and transporta-

tion services company, jumped \$1% to \$28% after the company said it was exploring the sale of four subsidiaries and announced intentions to buy back up to 15 per cent of its common shares. Circle K, the convenience food chain, gained \$2% to \$14% after the company said it had

Çanada

shareholder value.

ACTIVE early trade left Toronto sharply higher in spite of a drop in the gold index. The composite index rose 19.5 to 3.627.6 on volume of 8.5m shares by midsession. Southam, which said it would cut 900 jobs, rose C\$% to

AMSTERDAM picked up

from early losses to end mixed,

with the CBS tendency index off 0.5 at 161.9 in quiet trading.

Chemical Akzo gained 30 cents to Fl 151.80 after falling

in the wake of its results on Tuesday. DSM traded 10 cents

lower at Fl 113.90 in the grey

market before today's close of

ZURICH put in another dull

and falls on leading markets fuelled selling. The Crédit Suisse index eased 2.2 to 533.4. Adia bearers fell further, giv-ing up SFr125 to SFr7,850 and Inspectorate lost SFr15 to

SFr2,135. Oerlikon-Bührle was

steady at SFr1,180 after announcing a 5.6 per cent rise

in 1988 turnover and saying it

did not expect to post a profit

record high in a row, as the

strong forestry sector helped the market overcome profit-

taking. The Affärsvärlden

Electrolux reported an increase in its dividend from

SKr10 to SKr11.50 and a 21 per cent profits rise. Its free B

cent profits rise. Its free B shares gained SKr2 to SKr314.
BRUSSELS slipped in moderate trading, led lower by engineering group ACEC and holding company GBL. The cash index fell 11.3 to 5,790.5.

ACEC, a unit of Société Gén-

érale, lost BFr22, or 5.3 per

cent, to BFr388 on turnover of

73,000 shares, after a 20 per cent slump on Tuesday. There

are fears restructuring plans

might be rejected by unions, public authorities and banks.

after announcing a share swap that reinforces its participation in oil group Petrofina and Tractebel, the energy and tele-communications group. GBL

said it was issuing about 1.25m

MONDAY JANUARY 30 1989

129,23

113.79 132.04 111.42 99.37 71.72 106.32 115.53 69.33 162.25 130.57 136.89 117.14 104.10 125.88 64.90 125.88 64.90 125.89 125.93

100.65 121.26 158.52 135.37 101.62

85.04 113.72

134.31 121.00 121.54 101.83

121 43

116.38 92.46 130.45 115.68 154.41 119.64 117.11

82.38 126.57 134.48 83.71 157.65 163.39 409.52 101.63 147.51 124.11 106.08 140.34 75.53 125.94

108.69 132.26 154.47 136.26 119.74

98.04 114.17 135.41 130.62

182.24 115.04 84.05 161.54 139.25 139.07 164.47 149.76 86.75 149.71 120.99

119.66

161.61 121.75 102.91 137.41

160.23 143.93 144.48 121.36

130.17 | 144.36 | 113.37 | 117.48

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

117.36

92.30 130.45 115.95 153.34 120.02 116.42 82.07 127.89 134.10 83.84 157.47 162.83 406.94 145.80 123.83 106.70 130.24 140.15 75.27 126.44

135.37 130.90 130.63 116.37

130.47

Gross Div. Yield

4.58 2.67 3.85 3.15 1.98 1.46 2.78

153.63

95.30 134.77 135.28 156.97 132.46 118.13

85.26 126.39 137.34 82.42 192.89

155.23 162.25 114.77

70.16 161.54 139.25 123.75 149.55

149.76 77.15 149.71 119.98

119.66 144.16 188.45 160.93 120.80

101.10 135.18 159.67 143.85 144.48

2.20 144.36

GBL lost BFr30 to BFr4.050

index rose 1.3 to 1,074.4.

STOCKHOLM hit its third

this year.

tion as interest rate worries

International funds fuel Hong Kong rally

John Elliott finds foreigners are aiding a traditional welcome for Chinese new year

ONG KONG'S stock market has followed ments through fund managers marker has followed tradition during the past three days and celebrated the run-up to next week's Chinese New Year holiday with a powerful raily. This has produced three days of record highs, although prices fell back vectoriday affertroop.

yesterday afternoon. Turnover shot up from HK\$1.86bn last Friday to HK\$2.93bn on Monday, compared with a broad range of HK\$450m to HK\$490m a day in December. Yesterday volume remained heavy at HK\$2.62bn.
The Hang Seng index established lished a new post-crash high of 3,100.28 yesterday morning but then fell almost 40 points to

close at 3,060.91, down 11.95 on the day. This dramatic resurgence of activity on one of the world's smaller and, for the past year, most sluggish exchanges, was the result of a large inflow of new funds. In particular there has been sharply increased international interest, partly

There has also been a surge in local buying, driven by the colony's office and residential

"We have seen new US institutions making strategic deci-sions to get back into Far East markets of Hong Kong, Singa-pore and Malaysia," said Mr

Malcolm Surry of CI-Alexanders Laing and Cruickshank.

There is also substantially increased interest from UK fund managera, who saw the Hong Kong market moving ahead after Christmas. In addition to money from Taiwan, local people have been weigh-ing in, armed with their Chi-nese New Year bonuses." Mr Roy Crabbe of Smith New

Court in London has reviewed the market's performance over the past 18 years and found that the average rise in the 20 trading days before the Chi-nese New Year has been about 9.5 per cent. In the past 18 trading days of this year, the mar-ket has risen 10.6 per cent.

he rally has helped to chose some of the gap, often of 40 per cent or more, between net asset values and share prices. "It's a very cheap market here. In particular we have for months seen the property market going through the roof and the stock market staying down," said Mr Angus Baxter of Smith New

Chinese New Year Cumulative average % change in Hang Seng Index 1971~88 ------

Source : Smith New Cook

In the property boom, this week's stimulants have included a HK\$3 a share bid from HKR Properties for the locally listed Bond Corporation International. This was an attempt to disrupt Mr Alan Bond's offer to buy out minority shareholders at a widely criticised level of HK\$2.20.

Yesterday the shares climbed to HK\$2,325 and some brokers say a figure as high as between HK\$3.50 and HK\$4 would be a realistic buy-out level, given the company's ownership of Hong Kong's prestige Bond Centre. The sale of a luxury flat development in Hong Kong's

fashionable Mid Levels area is now being negotiated at about HK\$1.8bn, or 160 per cent above its sale price 16 months

ast week a record auction price of HK\$3.35bn
was paid by two leading local developers, Sun Hung Kal and Sino Land, for an office plot in Wanchai just to the east of the central district. Wanchai office rents have climbed 30 per cent in three months.

The stock market's trading levels are still well below precrash highs, when the Hang Seng index reached 3,949 on October 1, 1987 and volume hit HK\$5.41bn a day later. They

AK\$5.410n a day later. Interare dramatically up, however, from last year's lows of 2,222 in. February on the Hang Seng and a volume of HK\$396m one day in September.

The colony's stock exchange are stock and ton mangoverning body and top management have been reorganised since the crash and have had the satisfaction this week of seeing the increased international interest for which they are working. Yesterday the exchange

launched an index covering all traded shares to supplement the selective Hang Seng and the Hong Kong index. The new all share index (April 6, 1988-1,000) contradicted falls in the other two indices by gaining 2.01 points yesterday to 1.806.76 The market is now "on a

The market is now "on a knife edge," said Mr Richard Witts of Schroder Securities. "We are really asking for a short, sharp, one-day drop now, but I'm confident the buyers will come back quickly." The bigger question is what will happen when the market reepens next Thursday after the three-day holiday, having said goodbye to the Year of the Dragin and moved into the traditionally more precarious Year of the Snake. Some brokers believe there will be a surge of boying if confidence in the US dollar is

still strong.

Others say that everyone goes to sleep in Hong Kong for up to a fortnight at new year. they believe that nothing spec-tacular will happen until big companies such as the Hong-Kong and Shanghai Bank and Jardine Matheson announce what are expected to be impressively good annual results a few weeks later, and the Government's annual budget is announced on March 1.

First, however, at the end of next week, Mr Alan Bond's buy-out saga will develop fur-ther, possibly fuelling the property boom a little more.

Madrid hit by squeeze on capital markets' liquidity

focused on interest rates, leav-ing most bourses depressed, writes Our Markets Staff.

MADRID took a beating after news of a liquidity squeeze and the likelihood of interest rate rises in the next few days. Banks and utilities were hardest hit and the general index dropped 4.31 to

Linder the Finance Ministry's new rules, banks will have to increase their liquidity reserves by 1.5 percentage points to 18 per cent, removing an estimated Pta400bn (\$3.5bn)

from the capital markets. BBV and Banesto Central together account for about half of the sector's deposits, and BBV fell 8 points to 1,135 of par while Banesto Central lost 5 to 985. The extra funds going to the required reserves will be

non-interest bearing.
In utilities, which tend to be highly-geared, Iberduero fell 3.9 to 113.2 while Endesa gave

up 5 to 220.

PARIS regained some confidence after Tuesday's weak session, although activity was restrained by the latest bourse employees' strike which meant no trading in the blue chips underlying the options market. The CAC 40 index finished up 2.70 at 1,657.69 and the OMF

50 index put on 1.52 to 462.02. One trader said France had overreacted to the Deutsche Bank rights issue in Germany and the possibility of similar moves in Paris. Peugeot was not quoted in Paris but saw good activity in London, where it was priced as high as FFr1,535 after closing in Paris at FFr1,477 on Tues-

sh call have renewed interest in the stock. LVMH, the luxury goods group, also benefited from revived speculation about pos-sible boardroom disputes, ris-

NATIONAL AND REGIONAL MARKETS

Figures in parentheses

show number of stocks per grouping

Australia (90)...

Denmark (39)

France (131).

West Germany () Hong Kong (45). Ireland (17).....

italy (98)..... Japan (456)... Malaysia (36). Mexico (13)...

Netherland (38)... New Zealand (24). Norway (26)....

Singapore (26)... South Africa (60)

Switzerland (57

The World Index (2451).....

Spain (42).

weden (35)

casts for the current year and speculation over a possible

Poulenc, the chemicals issue, was active, rising FFr32 to FFr600 with 119,000 shares changing hands. The stock is expected to benefit from any drug developments at its 52 per cent-owned subsidiary Institut Merieux and is being recom-mended for its fundamentals.

at FFr574. It had fallen to

The FAZ index fell below 550, seen as an important support level, to close 7.19 down at 548.96. The DAX index finished 12.21 easier at 1,300.52, just above its low for this year of

of 3.8 per cent. However, some institutional support buying was reported in Deutsche Bank and Daimier, which ended DM1.50 higher at DM661.50. Fellow carmaker BMW rose DM3 to DM499 after its 25 per cent rise in sales on Tuesday. Steelmaker Thyssen, which said its planned takeover of

FRANKFURT began February in strikingly different fashion from its buoyant start to 1989. Prices fell again sharply, with investors deeply worried about the outlook for interest rates and the pressure on the market from the Deutsche

Turnover remained moderate at DM3.67bn, well down on last week's figures. Last month share turnover on the eight

time since August 1987.

Deutsche Bank lost DM9.40 to DM515.40 for a two-day fall

Danieli, which confirmed shares under the deal, raising reports it was building a steel its share capital by 7 per cent. Danieli, which confirmed

TUESDAY JANUARY 31 1989

133.08

80.49 113.71 114.60 130.85 112.51 108.19 108.19 114.74 69.40 131.24 131.24 134.29 95.40 60.25 134.48 117.80 106.42 125.57 126.07 64.27

100.51 120.94 158.20 135.13 103.12 84.53 116.39 134.13 121.45 121.97 102.79

121.88

Change %

23340 -040636414602894771596638 -1414602894711596638

-0.8 -0.9 -0.9 -0.8 -1.6 -0.8 -0.8 -0.9 -0.9

-0.3

157.12

81.94 190.90 154.95 160.92

125.65

118.67

142.79 186.79 159.54 121.75 99.80 137.41 158.37

... 143.90

Carnaud closed down FFr16

FFr551 on news of Elders' latest move against Carnaud's link-up with Metal Box.

Bank rights issue.

German bourses rose to DMIG2.5bn from DM64.1bn in December, breaching the DM100bn level for the first

Krupp had failed, lost DM2.50 to DM205. MILAN fell sharply as the market's malaise persisted, and the Comit index ended 6.79

hired Wasserstein, Perella to explore ways of maximising reflecting world trends which have brought Hong Kong and its buoyant economy back into

property boom, and reports of big individual buying orders from Taiwan as well as invest-

Nikkei drops as strong dollar jangles nerves

THE DOLLAR'S renewed rise above the psychologically sig-nificant barrier of Y130 sent a wave of nervousness through the equity market and share prices plunged in heavy sell-ing, writes Michiyo Nakamoto

in Tokyo.

After moving indecisively in early trading, the Nikkei average fell sharply as the dollar's strength showed no sign of abating. The Nikkei closed 220.62 lower at 31,360.68 after reaching a high of 31,581.49 and a low of 31,303.72. Widespread selling meant falls heavily outnumbered rises by 605 to 333.

Turnover at 1.03bn shares was higher than Tuesday's was higher than I desuay s 856m. The Topix index of all listed shares dropped 19.78 to 2,445.05 and in London the ISE/ Nikkei 50 index fell 2.03 to

Investors, who have for some time been nervous about the strength of the dollar and the effect it could have on domestic interest rates, were given a clear signal yesterday that the US currency was likely to hold on to its current high level for a while. There was a growing feeling that the Group of Seven ministers, scheduled to meet in Washington tomorrow, were in favour of stabilising the cur-rency market at present levels. The dollar's strength put pres-sure on the bond market, where interest rates edged up,

in turn depressing equities.
Some analysts expect Japanese equities to continue their lacklustre performance until the year-end for financial firms in March, as many fund managers apparently have already attained their goals for the year and have no incentive to risk losses in the currently vol-

atile market. Others, however, forecast a strong performance and see the present downturn as temporary - a longer-than-expected correction of a market that has risen too high too fast. "Funda-mentally, the market is still strong," said Mr Piers Higson Smith at Warburg Securities. The construction sector was helped yesterday by news that the Government has finalised

plans to construct more big

1988/89 Low

91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.69 133.61 107.83 90.07 95.23 98.55 97.79 98.26 130.73 120.69 74.13 120.69

97.01

120.36 99.78 80.27 87.51 120.26 111.77

96.90 87.50 106.71 108.87 113.75 108.12 75.24 68.79 87.78 113.66 68.79 115.52 124.01 97.64 70.24 101.61 102.58 125.12 135.24 105.45 77.63 129.85

99.40

144.33 126.38 104.63 80.56 91.75 125.77 116.28 117.42 102.52

highways. Sato Kogyo, which has considerable experience in building tunnels, was the most actively traded issue with 48.4m shares changing hands and rose Y110 to Y1,450. Taisel, which is expanding

its civil engineering business, was second most active with 38.9m shares, rising Y40 to Y1,390, while Nishimatsu Construction, which specialises in large-scale civil engineering work, was third in volume

terms with 32.3m shares and also gained Y50 to Y1,110. Constructions helped sup-port the Osaka market but the OSE average fell 88.16 to close at 29,900.59. Volume at 104m improved on Tuesday's 80m.

Roundup

WHILE most Asia Pacific mar-

kets enjoyed an active and buoyant day, Australia fell back for the first time in 10

AUSTRALIA was taken lower by worries over the domestic economy, with investors unwilling to buy in the current climate of worse-than-expected inflation, high inter-est rates and weaker commodity prices The All Ordinaries index lost

20.9 to 1,530.8 - its biggest fall since November 28. Turnover reached 108.8m shares worth Brieriey Investments added 1 cent to A\$1.09 on turnover of 3.65m shares, while IEL shed 3

cents to A\$1.76 with 1.81m SINGAPORE had an active session, with profit-taking pull-ing share prices off their highs

and the Straits Times indus-

faults at some brokerage firms and fell to 59.8m shares from 61.2m on Tuesday.

TAIWAN rose for the third straight session, with the weighted index surpassing the 6,200 resistance level in strong pre-holiday buying. The index added 79.6 to 6,157.12. NEW ZEALAND rose fur-

ther, with the Barclays index breaching 2,000 to end 13.98 up at 2,007.91 in heavy trading, helped by the strength of markets in the US and UK and interest in the latest expansion by leading entrepreneurial group Brierley Investments IL), writes Dai Hayward in

Following the news that BIL had boosted its stake in South-

trial index rising 3.69 to pecting company, to 70 per 1.137.01. Turnover was affected cent earlier this week, the comin early trading by computer pany has now taken control of faults at some brokerage firms. Lane Walker Rudkin Industries, a textile manufacturer.
HL has acquired another Im
shares at between NZ\$11 and
NZ\$11.20 a share to lift its hold-

ing to 56 per cent. On Tuesday, 5.5m Brierley shares changed hands, and yes-terday morning a further 5.8m were traded, with the share price rising 5 cents to NZ\$11.58 and some off-market deals concluded at NZ\$11.61.

SOUTH AFRICA

NERVES about the lower bullion price kept trading quiet in Johannesburg, and most shares eased. Gold issue Randfontein lost R7 to R233.

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Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$ Index), 114.42 (Pound Sterling) and 123.18 (Local).

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3.48 1.94 0.70 1.54 3.50 2.80 4.26 1.61 1.99 2.19 3.54